

DAILY REPORT

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PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman Holds Weekly Briefing	A 1
Talks With USSR	A 1
SRV Trade Fair Participation	A 1
Romanian President's Visit	A 1
Madagascar President's Visit	A 2
Some Civilian Nuclear Facilities To Come Under IAEA	A 2
First Day of Debate at 40th UN Session Reported	A 2
Wu Xueqian Arrives	A 3
Intellectual Property Organization Meets in Geneva	A 4
PRC Delegate Speaks	A 4

UNITED STATES

NPC Delegation Arrives, Feted in West Virginia	B 1
U.S. Firm Sinks Well in South China Sea	B 1

SOVIET UNION

SHIJIE JINGJI on Gorbachev's Ideas on Economic Reform [10 Aug]	C 1
'Moonlighting' Encouraged in Soviet Rural Areas	C 4

NORTHEAST ASIA

DPRK Commentary Criticizes S. Korean Bid To Join UN	D 1
Soviet Vessels Detected North of Okinawa	D 1
Hubei-Japan Container Shipping Route Established	D 1

SOUTHEAST ASIA & PACIFIC

Border Guards 'Counterattack' SRV Intruders	E 1
Son Sen Reviews Cambodian Military Situation	E 1
Hong Kong Holds First Post-Declaration Land Auction	E 2
Hong Kong Lowers Economic Growth Forecast	E 2
Singapore's Prime Minister Tours Guangzhou	E 3
Zhang Aiping Meets Australian Defense Commander	E 3

PRC NATIONAL AFFAIRS

Nameslist of New Advisory Commission Members	K 1
Editorials Hail Party Conference of Delegates	K 1
JINGJI PIBAO [19 Sep]	K 1
GUANGMING RIBAO [19 Sep]	K 3
Beijing TV on Plenary Sessions, Communiques	K 4
PLA Paper on Hu Yaobang's Work at 18th Army Corps	K 6

Figures Show Export Trade Now Ranks 16th in World	K 6
RENMIN RIBAO on Transition of Economic Structure [13 Sep]	K 7
Circular on Reinvigorating State Enterprises	K 12
RENMIN RIBAO Editorial [21 Sep]	K 13
GUANGMING RIBAO Discusses Planned Market Goals [7 Sep]	K 15
GUANGMING RIBAO on Planned, Commodity Economy [7 Sep]	K 18
Nationwide Tax, Finance, Price Inspections Under Way	K 21

PRC REGIONAL AFFAIRS

EAST REGION

Shandong Organs Study Plenary Session Communique	O 1
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CENTRAL-SOUTH REGION

Guangxi Leaders Meet on School Destruction	P 1
Station Commentary	P 1
Figures Reveal Hunan Rural Economy Thriving	P 2

NORTHEAST REGION

Capacity of Heilongjiang Power Units in 6th Plan	S 1
Jilin Achievements in Sixth 5-Year Plan	S 1

TAIWAN

Premier Reiterates 'No Contact' With Mainland	V 1
Newspapers Comment on CPC Delegates Conference	V 1
'Anti-Communist Guerrillas' Reported in Wuhan	V 2
Scholars Say U.S. Interferes in Taiwan Affairs	V 2

HONG KONG MEDIA ON CHINA

JIEFANGJUN BAO Parallels Hu With Mao, Deng	W 1
[WEN WEI PO 24 Sep]	
SOUTH CHINA MORNING POST Report [25 Sep]	W 1
Singapore Reporters Interview Zhao Ziyang [MING PAO 20 Sep]	W 2
XINHUA Officials Elected to CPC Central Committee	W 4
[TA KUNG PAO 24 Sep]	

FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

Talks With USSR

OW251134 Beijing XINHUA in English 1124 GMT 25 Sep 85

["China, Soviet Union To Hold 7th Round of Consultations" -- XINHUA headline]

[Text] Beijing, September 25 (XINHUA) -- The seventh round of consultations between the special envoys of the Governments of China and the Soviet Union will be held in Beijing beginning from October 4 in accordance with the agreement reached by the two sides. They will continue the discussions on the normalization of relations between the two countries.

This was announced by a Foreign Ministry spokesman at a weekly news briefing here this afternoon.

The Chinese special envoy is Vice-Foreign Minister Qian Qichen, and the special envoy of the Soviet Union is Vice-Foreign Minister L.F. Illichev.

SRV Trade Fair Participation

OW251020 Beijing XINHUA in English 1008 GMT 25 Sep 85

["Spokesman on Vietnam's Participation in Beijing Trade Exhibition" -- XINHUA headline]

[Text] Beijing, September 25 (XINHUA) -- A Chinese Foreign Ministry spokesman today ruled out any connection between Vietnam's participation in the coming fourth Asia-Pacific International Trade Fair in Beijing and changes in Sino-Vietnamese relations.

He made this statement while answering some journalists' question at a weekly news briefing here this afternoon. Their question was whether the participation of Vietnam in the trade exhibition to be held this coming November in Beijing indicated a change in Sino-Vietnamese relations.

The exhibition is an international economic activity co-sponsored by the United Nations Economic and Social Commission for Asia and the Pacific [ESCAP] and the China Council for the Promotion of International Trade, the spokesman said.

In accordance with the rules of the commission, all ESCAP member states are entitled to participate in this activity, he said. So far, 24 countries and regions including Vietnam have applied for participation, he added. "This has nothing to do with whether or not there are changes in Sino-Vietnamese relations," the spokesman said.

Romanian President's Visit

OW251128 Beijing XINHUA in English 1120 GMT 25 Sep 85

[Text] Beijing, September 25 (XINHUA) -- Nicolae Ceausescu, Romanian Communist Party general secretary and president of the Socialist Republic of Romania, and his wife Elena Ceausescu will pay an official goodwill visit to China in the first half of October this year.

They will be here as guests of Chinese Communist Party General Secretary Hu Yaobang and President of the People's Republic of China Li Xiannian, a Foreign Ministry spokesman said at a weekly press briefing here today.

Madagascar President's Visit

OW251138 Beijing XINHUA in English 1121 GMT 25 Sep 85

[Text] Beijing, September 25 (XINHUA) -- President of the Democratic Republic of Madagascar Didier Ratsiraka and his wife will pay an official visit to China from October 2 to 5 this year, a Foreign Ministry spokesman announced at a weekly press briefing here today.

SOME CIVILIAN NUCLEAR FACILITIES TO COME UNDER IAEA

OW241906 Beijing XINHUA in English 1851 GMT 24 Sep 85

[Text] Vienna, September 24 (XINHUA) -- China today announced the voluntary offer to place some of its civilian nuclear installations under IAEA's safeguards at an appropriate time.

At the 29th conference of the International Atomic Energy Agency (IAEA) here, Zhou Ping, head of the Chinese delegation, told the participants this decision of the Chinese Government. China will consultate with the agency on this matter, he added.

Explaining China's nuclear energy policy, Zhou said that China needs an international environment of peace to carry out the modernization program. "We are endeavouring to create and maintain such an environment of peace."

He described peace and development as the two major goals of China's basic state policies. On nuclear policy, he added, "China supports the peaceful application of nuclear energy all over the world."

He declared that all China's present and future cooperation with other countries in the nuclear field will be limited only to peaceful purposes, and not for non-peaceful purposes.

The decision to place some of China's civilian nuclear installations under IAEA's safeguards is not the result of any bilateral government negotiations but was made in line with China's independent policy, he said.

Turning to the question of cooperation on peaceful uses of nuclear energy with other countries, Zhou said that China is formulating a nuclear energy development program of its own, the priority of which is to build some nuclear power stations in Guangdong and east China where industry is concentrated and energy is in short supply.

Zhou told the conference that China, as a new member of the agency, has already started a sound cooperation with the agency and its other members. "Guided by the principle of learning from each other to make up each other's deficiencies and helping supply each other's needs, we learn from other countries, and at the same time offer what we have to help," he added.

At today's debate of the conference, representatives from the United States, the Soviet Union, Japan, Federal Germany and India also made speeches.

The one-week conference opened yesterday to discuss the peaceful use of world nuclear energy, safeguard of nuclear installations and technological aid and cooperation funds. It was attended by over ninety countries of its 112 member states. The conference will examine and approve the agency's budget for 1986 and elect in part the board of governors.

FIRST DAY OF DEBATE AT 40TH UN SESSION REPORTED

OW241225 Beijing XINHUA in English 1119 GMT 24 Sep 85

[Text] United Nations, September 23 (XINHUA) -- The representatives of many countries today called for a halt to arms race and the establishment of a new international economic order on the first day of the general debate of the 40th session of the U.N. General Assembly.

Brazilian President Jose Sarney said in his speech that the priority for the fifth decade in the life of the United Nations should be given to defusing the renewed confrontation between the two power blocs and the creation of a new international economic order based on development and social justice. Referring to the foreign debt problem faced by Latin American countries, he said, "Crushed under the weight of an enormous foreign debt, the countries of the region are living through a scenario of severe difficulties with domestic repercussions resulting in recession, unemployment, inflation, increased poverty and violence." "The world cannot enjoy peace as long as there is a hungry mouth anywhere on earth," said the president. He called upon the leaders of the industrialized nations to take concerted action to resolve the foreign debt problem.

Peruvian President Alan Garcia Perez in his speech criticized the arms race between big powers, saying that "for them, their own security lies in the insecurity of the rest but this race ends up in the insecurity of all." Speaking of protectionism, the president said that if "the rich countries have been applying protectionist commercial policies by closing their markets to our products, we will see why the debt situation has become untenable for our economy." He called for the unity of debtor countries and for a radical change of the situation.

Singaporean Foreign Minister S. Dhanabalan pointed out that in the last 40 years there had been about 150 armed conflicts, big and small, killing about 16 million people. "In 1983 alone", he continued, "there were 40 separate armed conflicts, major and minor, involving 75 countries. The majority of the victims of these conflicts have come from the developing countries." He condemned Vietnam for its rejection of the U.N. resolutions on the Kampuchean problem. Vietnam's attitude, he added, "undermines the credibility and legitimacy of the entire organization."

Svenn Stray, the foreign minister of Norway, said that disarmament has remained an important concern of the United Nations over the years. He expressed the hope that the U.S.-Soviet arms control negotiations in Geneva would substantially reduce the number of nuclear arms and secure the removal of the most destabilizing nuclear weapon systems.

Referring to the situation in Afghanistan, he said that the Soviet military intervention in that country had caused great sufferings to the Afghan people and increased tension in the region. The problem has remained unsolved only because of "the unwillingness of the Soviet Union to consider in a serious way the question of troop withdrawal," he stressed.

Wu Xueqian Arrives

OW250850 Beijing XINHUA in English 0840 GMT 25 Sep 85

[Text] United Nations, September 24 (XINHUA) -- Chinese Foreign Minister Wu Xueqian flew in here this afternoon to attend the 40th session of the United Nations General Assembly.

The foreign minister, who is heading the Chinese Government delegation to the U.N. General Assembly, will attend the foreign ministers' meeting of the Security Council next Thursday to commemorate the 40th anniversary and will spell out China's position on major international issues when he addresses the assembly on September 30.

Wu will also meet with his counterparts from many countries during his stay here.

INTELLECTUAL PROPERTY ORGANIZATION MEETS IN GENEVA

OW231947 Beijing XINHUA in English 1905 GMT 23 Sep 85

[Text] Geneva, September 23 (XINHUA) -- The World Intellectual Property Organization (WIPO) opened its 16th conference here today to review its activities in the past two years and to draft a budget plan for the next two years.

At the opening session of the biannual conference, Dr Arpad Bogsch, director general of WIPO, was reappointed for another six-year term.

Leaders of the organization's 23 governing bodies were also reelected. Huang Kunyi, director general of the Patent Office of China and head of the Chinese delegation to the conference, was elected chairman of the Paris Union Assembly, the largest of the WIPO governing bodies that was formed 102 years ago in the name of the Paris Convention for the protection of industrial property.

Founded in 1967 as an intergovernmental organization and later as a special organization of the United Nations, WIPO has dedicated itself to the protection of industrial properties pertaining to inventions, trademarks and copyrights pertaining to cultural works in the fields of literature, music, arts and movies. China joined WIPO in 1980 and became one of the 96 signatory states to the Paris Convention last March.

The Chinese delegation arrived here on September 20 to attend the 10-day conference.

PRC Delegate Speaks

OW241932 Beijing XINHUA in English 1903 GMT 24 Sep 85

[Text] Geneva, September 24 (XINHUA) -- A Chinese official declared here today that China has taken "a substantive step forward" in the building up of its industrial property system in the past few years.

Huang Kunyi, head of the Chinese delegation, told the 16th conference of the World Industrial [as received] Property Organization (WIPO) that since China's patent law went into effect earlier this year, China's Patent Office has received more than 10,000 applications, with one-third coming from abroad.

On September 10, the first batch of 150 patents, including 28 from foreign applicants, were approved and published, said Huang, who is the director general of China's Patent Office.

Registration of trademarks in China also has grown since August 1982 when the trademark law became effective, he said. Between then and the end of June this year, applicants for trademark registration amounted to more than 92,600 some 23,700 were received alone in the first half of 1985. Of the more than 116,000 registered trademarks in force at mid-year, 17,900 cases were filed by foreign applicants.

As a member state of the Paris Union, Huang said, China has decided to give priority to applications from Union members, and has established temporary regulations in this respect.

NPC DELEGATION ARRIVES, FETED IN WEST VIRGINIA

OW241201 Beijing XINHUA Domestic Service in Chinese 0819 GMT 22 Sep 85

[By reporter He Chengzhang]

[Text] New York, 21 Sep (XINHUA) -- The Chinese NPC delegation led by Wang Renzhong, vice chairman of the NPC Standing Committee, left Washington this morning and arrived in Charleston, capital of the State of West Virginia, for a visit. The delegation was warmly welcomed at the airport by responsible persons of the state government and the local National Guard.

Charleston is the constituency of Byrd, minority leader in the U.S. Senate. Today Byrd, one of the U.S. congressional leaders who invited the Chinese NPC delegation to visit the United States, personally accompanied the Chinese guests on their visits to West Virginia's State Senate and House of Representatives. The Chinese guests also attended a luncheon hosted by industrial and business leaders of the state.

At the luncheon a responsible person of the State Commerce Department briefed the Chinese NPC delegation on the present situation of large enterprises in the state, as well as their trade with China, and hoped to further strengthen trade relations with China.

Liu Nianzhi, member of the NPC Standing Committee and vice chairman of the All-China Federation of Industry and Commerce, answered questions raised by local industrialists and businessmen. He noted the promising future of Sino-U.S. trade, and hoped that U.S. industrialists and businessmen would be patient in trading with China and would follow the principle of bringing about mutual benefit and making mutual concessions.

U.S. FIRM SINKS WELL IN SOUTH CHINA SEA

OW241233 Beijing XINHUA in English 1128 GMT 24 Sep 85

[Text] Beijing, September 24 (XINHUA) -- An oil well recently sunk in the Pearl River mouth basin of the South China Sea has a reported daily output of some 2,000 tons of crude, the China National Offshore Oil Corporation (CNOOC) announced here this afternoon.

This is the seventh Pearl River estuary well reporting oil flow since the start in 1980 of Sino-foreign joint offshore oil exploration and development, CNOOC said.

The well, the Xijiang 24-3-2, is delineated and at a water depth of 98.5 meters. It is located 260 kilometers southeast of Guangzhou, capital of Guangdong Province, and belongs to the block awarded to the Phillips Consortium of the United States.

Early last April, the consortium drilled the Xijiang 24-3-1, producing a daily average of 922 tons. The new delineated well is just 1.6 kilometers southwest of the first well and has four oil-bearing strata at below 1,900 meters.

Phillips Consortium includes Phillips Petroleum International Corporation Asia, an affiliate of the Phillips Petroleum Company, and Pecten Orient Company, an affiliate of Shell Oil Company, of the United States.

The consortium won the right to explore for oil in a 2,835-square-kilometer block on November 29, 1983. It also took part in China's second round of bidding for Sino-foreign offshore oil exploration and is among the bidders for other Pearl River estuary blocks.

SHIJIE JINGJI ON GORBACHEV'S IDEAS ON ECONOMIC REFORM

HK201023 Beijing SHIJIE JINGJI in Chinese No 8, 10 Aug 85 pp 50-52

[Article by Gu Guanfu: "Gorbachev's Ideas on Economic Reform of the Soviet Union"]

[Text] Since Gorbachev replaced Chernenko and became the supreme leader of the Soviet Union, he has concentrated his effort on renovating and reforming the economy. Economic reform is a key step in Gorbachev's administrative program, which concerns the development of Soviet strength as a whole in this century.

1. The Imperativeness and Internal and External Background of the Reform

Gorbachev is a leader of the younger generation in the Soviet Union. After he assumed office, the Soviet upper-strata apparatus began to work in a relatively normal manner. He is unequivocal and resolute in doing things and is determined to rejuvenate the economy and carry out reform. He has also put forth some policies, principles, and measures. Why has he attached so much importance to economics and reform? This is determined by many factors: 1) The Soviet economy is now at a turning point. Over the past year or so, its growth rate has been slowing down, reaching the lowest point since the war. In the period of the current 5-Year Plan (1981-1985), the average annual growth rates for the total production of society and the national income will only reach 3.5 and 3.2 percent respectively. If the situation continues to develop like this, the national strength of the Soviet Union will inevitably be affected. He has frankly admitted that one of the reasons for the decline in Soviet economic development is that "certain aspects of production relations have not been changed in good time." 2) Soviet economic development has a direct bearing on the new situation in the arms race with the United States in the coming decade. The Reagan administration has worked out a "Star Wars plan," according to which it will allot some \$400 billion to \$500 billion within the next 10 years to produce space arms and establish a "strategic defense system" capable of resisting a Soviet nuclear attack. It thus hopes to gain the upper hand in the U.S.-USSR strategic balance. The Soviet Union has no choice but to answer the challenge. Thus, it is necessary to greatly increase military expenses. Since the Soviet Union has fallen behind the United States in space technology, it needs to spend more money in this race (about \$800 billion to \$900 billion was estimated by the West). However, this must be determined by its economic strength. Under such a difficult situation, Gorbachev must rely on reform and adopting advanced technology to greatly increase the USSR productive forces. For this reason, he has emphasized that the labor productivity of the Soviet Union should reach the highest level of the world. 3) At present, the existing factors and conditions in the Soviet economy which can help promote economic growth have already been changed. First, it has a greater demand for manpower. According to statistics, in the 1970's, the total number of its labor force was 155 million, which was an increase of 24 million compared with the past, but in the 1980's, it will only increase by 8 million. On the other hand, the number of retired workers is increasing. There are 37 million at present, and this number will reach 80 million by the end of this century. Second, its traditional resource-exploiting area in Europe is becoming poorer and poorer. There can only be two solutions to this problem: One is to continue to exploit resources in the original area, but to adopt advanced technology and equipment; the other is to shift the exploitation to the eastern part of the territory where the natural environment is worse. Both methods require much money. Third, a shortage of money for investment is also a major problem. Especially since the renewed arms race seems unavoidable, the difficulty of allotting funds has become more prominent. Therefore, Gorbachev has had to raise a cry of warning that it is necessary to carry out the policy of intense production and economic reform. 4) Whether the Soviet economy can be rejuvenated is of great importance to the position and prestige of Gorbachev himself. Over the past few years, the Soviet people's standard of living has been affected by the decline in economic development and they have expressed dissatisfaction about this for a long time.

They have placed great hopes on the new leader, hoping that the Soviet political and economic situation will take a turn for the better. It was under such circumstances that Gorbachev assumed office. 5) At present, reform is a worldwide challenge and contest. Many socialist, capitalist, and Third World countries are carrying out readjustment and reform of their economic policies and working out their respective strategies for economic development. All this is aimed at accelerating the economic development in their own countries. There are two decisive factors in this challenge and contest: the development of science and technology and the readjustment and reform of the economic system. It is because of the above international background that Gorbachev has attached so much importance to economic reform. Moreover, the present depression of the Soviet economy has made him feel that it is imperative to carry out reform.

2. Basic Outline and Trend of Reform

Although Gorbachev's complete plan for reform has not yet been promulgated, judging from his remarks on reform and renovating the economy since assuming office and the propositions he made in the past when he was in charge of economic work, we can see a basic outline of how he will renovate and reform the economy. He will take two steps to solve the present economic problems. Just as Andropov did, the first step is to grasp the work of consolidation in the economic field. He has reorganized the ranks of cadres and dismissed and replaced a number of ministers and vice ministers, about half of whom were in charge of economic work. Here resolute measures have been taken to dismiss and replace the cadres at lower levels who have violated laws and discipline and sought private gains through their posts. He has emphasized that strengthening order and discipline is especially imperative today. He has required that discipline should be generally strengthened. In all grass-roots labor organizations, in all cities and villages, in all production and service fields, and in all spheres of social and daily life, it is necessary to strengthen order and discipline. He holds that there is great potential for promoting production by means of strengthening discipline. "If only the enterprises and their leaders motivate themselves to a certain extent and begin to work conscientiously, labor productivity will surely be raised in a short period of time to meet the needs of fulfilling the tasks set forth by the 5-Year Plan." At present, a movement to stop excessive drinking is being carried out in the Soviet Union. This is also an important part of the effort to strengthen discipline.

The second step is to put forth a series of policies and measures to make the next 5-Year Plan a turning point for the entire economy. It seems that preparations for or preludes to Gorbachev's overall economic reform in the future include: 1) Accelerating the development of science and technology and taking resolute measures to shift production onto the orbit of intense production. Gorbachev has admitted that the development of science and technology is not satisfactory in most economic sectors in the Soviet Union, holding that all sectors of the national economy should be reformed. He has pointed out that the priority problem at present is the seriously outdated production equipment and that accelerating the renewal of equipment is the most important task for the 12th 5-Year Plan. 2) Carrying out reform of the management system. He has proposed "making active use of the economic accounting system and the relationship between commodities and currency" and "strengthening the role of economic levers." He emphasizes that the change of the management structure and the strengthening of economic accounting and the role of economic levers should be organically linked. 3) "Boldly" delegating power to the enterprises and allowing them to adopt a complete economic accounting system. Gorbachev holds that the power of factory directors is too limited at present and they do not even have the power to decide on a matter concerning several hundred rubles in production. He said: It is necessary to enhance the power of factory directors in production and management and to clarify the powers and duties of management organizations at all levels so that the enterprises and integrated complexes can become really independent and have a sense of responsibility. He holds that if the manager has to go through tedious formalities in doing everything, it cannot be said that the problem of independence of enterprises has been solved.

Therefore, Gorbachev emphasizes that "enterprises and integrated complexes must adopt complete economic accounting systems and implement the principle of collective contracts." Scientific research institutes of all departments must also adopt the economic accounting system as soon as possible. He has also pointed out that in order to perfect management organizations, it is necessary to simplify the administrative structure and abolish all unnecessary links that hinder the independence of enterprises.

4) Improving planning work. Gorbachev has put forth two tasks for planning work. First, to make planning an active lever in intensive production and in adopting advanced economic methods to solve problems. Second, to raise the efficiency of planning so that it can ensure the balance and swift development of the economy. He criticized the current planning as being overcentralized, resulting in excessive management. It is necessary to abolish many unnecessary plans and targets set forth for the integrated complexes and enterprises and extensively adopt the system of an economic quota system which can mobilize the initiative of the enterprises. Financial departments must also change and abolish those stipulations which hamper the initiative of the enterprises. 5) Readjusting investment policies. Gorbachev has repeatedly emphasized the necessity of improving the production structure and working out reasonable policies on investment and distribution of the productive forces, as well as the necessity of cutting down investment in new factories and throwing the main investment funds into technological transformation and improvement in the enterprises so as to raise work efficiency. It is also said that the Soviet Union is carrying out another reform in production, that is, to break the bounds of civilian and military economies and let ordnance factories produce various kinds of durable products, so that military production units, which are comparatively more advanced, can help civilian industrial departments raise labor productivity. 6) In regard to remuneration and material incentives, some regulations on rewards and punishments have been worked out. The following are some measures mentioned by Gorbachev: It is necessary to work out concrete and effective measures to eliminate egalitarianism in distribution mechanisms and income received from sources other than labor as well as in all things that contravene the economic and moral standards of the society. It is necessary to ensure that the material benefits of all working personnel and all collectives are decided by their labor achievements. "Those who have produced products meeting the current demands should be entitled to enjoy spiritual and material benefits." On the other hand, "The income of the factories and workers which produce backward and low-quality products, especially the income of their leaders, should be reduced." Gorbachev has paid much attention to raising the material benefit for foremen, engineers, designers, and technicians. 7) Carrying out a fundamental reform of the price system so that new technology and new products can be popularized more quickly.

3. Estimation of the Vistas of Reform

The reform Gorbachev will carry out has some new contents and characteristics when compared with those carried out by his predecessors. First, he has proposed "carrying out a profound transformation of economic relations and the social relations as a whole" emphasizing the expansion of decisionmaking power and the responsibility of enterprises, adopting the economic accounting system, and making full use of the relation between commodities and currency. Second, he emphasized the importance of accelerating the development of science and technology in order to promote the development of the productive forces. Gorbachev is determined to realize intensive production. In order to solve this problem, he has attached great importance to adopting new technology so as to raise labor productivity to a higher level. Third, the Soviet Union has put forward a new target for economic development recently, showing that it will give play to the advantages of a planned economy and raise the efficiency of centralized management and planning so that it will not only maintain its superiority in speed but also catch up with the West in the technical field as soon as possible. Although some of Gorbachev's propositions on reform were also made by Brezhnev and Andropov in the past, most people believe that he is more energetic about reform.

DATE I. 25 Sep 85

C 4

PRC INTERNATIONAL AFFAIRS
SOVIET UNION

TEXT If Gorbachev can really make a successful first step in delegating power to the enterprises, a series of reforms will certainly follow both inside and outside the enterprises. However, Gorbachev has not yet talked about the question of giving play to the role of market mechanisms and has not given any other theoretical ideas. It seems that this reform can not possibly break the old frame of the management system, but will just further "perfect" and mend this system: Gorbachev is now faced with a difficult problem: Merely relying on the reform of administrative and management systems is of no avail; the most important thing is to adopt economic methods to solve economic problems. However, there are still no sufficient theoretical preparations at present and there are still great obstructions. Since Gorbachev has not yet promulgated his overall plan and concrete measures for the reform, it is very difficult to make an accurate assessment of the future of Soviet economic reform. This has to be further observed and studied.

'MOONLIGHTING' ENCOURAGED IN SOVIET RURAL AREAS

OW190750 Beijing XINHUA in English 0710 GMT 19 Sep 85

[Text] Moscow, September 19 (XINHUA) -- Farm production by individuals in rural areas of the Soviet Union has increased by 9.3 percent since 1980 as a result of policies encouraging household "moonlighting," or sideline production.

These products now account for one-quarter of the country's total farm produce, and among them, meat and milk make up 30 percent.

Thirty-five million rural families are growing gardens and raising livestock and poultry as a sideline. Peasants can use their private plots as they wish and sometimes get the help of the state farms. Livestock also can graze on the state farms, and peasants are able to buy fodder on favorable prices. Products are allowed on the free market or sold to the state.

Soviet economists believe the individual economy will become a permanent industry because it is an incentive to produce more for extra incomes.

DPRK COMMENTARY CRITICIZES S. KOREAN BID TO JOIN UN

OW241822 Beijing XINHUA in English 1640 GMT 24 Sep 85

[Text] Pyongyang, September 24 (XINHUA) — The Democratic People's Republic of Korea has criticized South Korea's attempt to join the United Nations individually, saying such an action will only result in the legalization of the separated Korea.

In a commentary in today's newspaper WOLONG SINMUN, the DPRK reiterated that Korea should not join the world organization as a nation until reunification is realized. The commentary pointed out that South Korea's attempt to join the United Nations individually is another version of "joining the U.N. by the two parts of Korea simultaneously," which was introduced by South Korea more than ten years ago to confront the north side of Korea.

On the current North-South talks, the commentary said that South Korea is seeking confrontation with the North side in secret ways when the two sides are trying to improve relations. This, the commentary noted, is incompatible to the spirit of the talks.

The commentary said national separation already has created tension on the Korean peninsula. Therefore, individual U.N. membership of either the North side or the South side would only shift the separated North-South relations on to the world stage, and in effect, legalize the separation. The commentary stressed that the key to the Koreas' reunification is to turn the state of Korean armistice into stable peace and dispel North-South military confrontation.

In conclusion, the commentary said it is time to make every effort to develop North-South dialogues and to improve bilateral relations instead of seeking individual membership in the United Nations.

SOVIET VESSELS DETECTED NORTH OF OKINAWA

OW241914 Beijing XINHUA in English 1939 GMT 24 Sep 85

[Text] Tokyo, September 24 (XINHUA) -- The Japanese Maritime Self-Defense Force this afternoon detected four Soviet warships some 90 kilometers north of the Omoteirijima Island in Japan's Okinawa Prefecture, the JIJ PRESS reported.

According to the report, the vessels are a cruise missile submarine, a degaussing ship, a minesweeper and a tug. Japanese officials believe that the ships are returning to Vladivostok from Vietnam's Cam Ranh Bay.

HUBEI-JAPAN CONTAINER SHIPPING ROUTE ESTABLISHED

OW201741 Beijing XINHUA in English 1522 GMT 20 Sep 85

[Text] Wuhan, September 20 (XINHUA) -- A new container shipping route between this capital of Hubei Province and Japan officially opened for business on Wednesday when the first Japanese ship arrived to load up.

The 91.45-meter long and 14.2-meter wide ship will carry 1,020 tons cotton and other exports to Nagoya, Japan, from the Yangsi Port, on the Yangtze River, one of China's major inland ports.

BORDER GUARDS 'COUNTERATTACK' SRV INTRUDERS

OW241259 Beijing XINHUA Domestic Service in Chinese 1226 GMT 24 Sep 85

[Text] Kunming, 24 Sep (XINHUA) -- The border defense units in Yunnan's Laoshan area counterattacked Vietnamese troops who intruded into China to carry out provocations on 23 September, wiping out a Vietnamese reinforced platoon.

Since mid-September, the Vietnamese troops have intensified armed provocations in our Laoshan area. While firing an average of 2,000 rounds of artillery at our border defense positions, border farms, and villages every day, the Vietnamese troops have continuously dispatched infantry to invade our territory and armed secret service personnel to repeatedly carry out sabotage activities in our border villages, threatening the safety of life and property of our border inhabitants. Driven beyond the limit of forbearance, our border defense units rose to counterattack the enemy, wiping out all intruders within only some 50 minutes.

SON SEN REVIEWS CAMBODIAN MILITARY SITUATION

OW241642 Beijing XINHUA in English 1622 GMT 24 Sep 85

[Text] Bangkok, September 24 (XINHUA) -- Son Sen, newly appointed commander-in-chief of the Democratic Kampuchean National Army (DKNA), says that the Vietnamese have been forced to evacuate its crack troops from Kampuchea's western border regions to the interior owing to increased guerrilla operations during the current rainy season.

Son Sen made this remark in an exclusive interview with a group of Chinese journalists at a commanding post in western Kampuchea yesterday. This was the first interview he has given to foreign journalists since he assumed the posts of vice-chairman of the Democratic Kampuchean side, DKNA commander-in-chief and member of the Coordination Committee for Defense of Democratic Kampuchea recently.

Son Sen, 55, studied history in France in his early years and became a professor of history in Phnom Penh in the early 1960's.

He said that since last April, the DKNA had stepped up guerrilla operations in the areas close to Tonle Sap Lake and Phnom Penh, the capital. This has forced the Vietnamese to increase the number of its troops to over 10,000 in the area around Phnom Penh. The Vietnamese used to station only one to two thousand troops in the area.

During the current monsoon, he said, the DKNA has been active in the five provinces around Tonle Sap Lake and the five districts surrounding Phnom Penh. Its troops have penetrated on a number of occasions into Phnom Penh to attack the Vietnamese-Heng Samrin troops. "In the last dry season," Son Sen said, "the Vietnamese mustered their entire strength of eleven to twelve divisions in Kampuchea, reinforced by 60,000 men dispatched from Vietnam, for a campaign in the western border regions against the armed forces of the three factions of the Coalition Government of Democratic Kampuchea.

"Their main purposes were to cut off Democratic Kampuchea's transportation lines leading from the border regions to the interior, destroy its stocks of supplies, and wipe out its military headquarters, but they failed to accomplish their purposes.

"Although the Vietnamese occupied some of our bases, we managed to retain our combat strength, supplies and military headquarters. Our supplies kept flowing to the interior and Hanoi lost large numbers of its troops."

Speaking about the coming dry season, Son Sen said the Vietnamese would once again organize large-scale offensives in Kampuchea's western borders. They are now sending troops from Vietnam to Stung Treng, Kompong Chhnang, Pursat and Battambang Provinces in preparation for the offensives.

The forces of Democratic Kampuchea, he said, will continue to attack the Vietnamese occupation troops both in the western border regions and the interior. He expected that the fighting will be fierce in the season.

Son Sen told the Chinese journalists that the resistance forces had grown in strength in the previous seven years and were expected to further expand this year.

HONG KONG HOLDS FIRST POST-DECLARATION LAND AUCTION

OW241900 Beijing XINHUA in English 1840 GMT 24 Sep 85

[Text] Hong Kong, September 24 (XINHUA) -- Hong Kong's first land auction based on the provisions of the Sino-British Joint Declaration, which becomes effective this June, was held here this afternoon.

Six pieces of land, with a total price of 56.9 million Hong Kong dollars (about 7.29 million U.S. dollars), were sold at the auction.

Although the land sold is not prime land, the auction attracted much attention here since the land leases will extend to June 30, 2047 -- 50 years beyond the 1997 limit as agreed in the joint declaration. Any wording which might give rise to a colonial connotation was deleted from the documents.

The Hong Kong Government stopped selling land after June this year pending new decisions by the Sino-British Land Commission. The commission, established in accordance with an annex of the Sino-British Joint Declaration, decided on August 16 to resume the sale of land as of today.

According to the Joint Declaration, "Until June 30, 1997, premium income obtained by the British Hong Kong Government from land transactions shall, after deduction of the average cost of land production, be shared equally between the British Hong Kong Government and the future Hong Kong Special Administrative Region Government."

Income from land auction has been a major source of revenue for the Hong Kong Government. In its heyday in 1981, land auction offered the government one third of its revenue. The depressed property market in recent years has given rise to enormous financial deficits.

The resurgence of the property market has already provided the government with a revenue of 3.2 billion Hong Kong dollars, much higher than what Financial Secretary John Bremridge predicted in February.

HONG KONG LOWERS ECONOMIC GROWTH FORECAST

OW241157 Beijing XINHUA in English 1058 GMT 24 Sep 85

[Text] Hong Kong, September 24 (XINHUA) -- Hong Kong's economy will grow only about one percent this year, much lower than the budget forecast of 11 percent made earlier this year, Financial Secretary John Bremridge said here Monday.

If the U.S. economy rebounds, he said, there may be some recovery in Hong Kong's export performance in the second half of the year. This would result in a growth rate of about one percent in real terms for the year. The growth rate in real terms for 1985's gross domestic product will decrease from the budget forecast of about seven percent to 4.5 to five percent, he said. "This is disappointing but hardly dramatic. There are many who will envy us."

In recent years, he said, the Chinese mainland had provided the Hong Kong economy with a new source of growth. Hong Kong's exports to the Chinese mainland rose 70 percent in the first six months of this year over the same period of 1984. This reflects adoption of more liberal economic policies by the mainland and implementing the four modernization program, Bremridge noted. He said there was a fall of six percent in Hong Kong's overall exports, an increase of 36 percent in re-exports, and a low unemployment rate of three percent.

Total exports and re-exports in real terms went up nine percent in the first half of this year. The economic growth in 1985 will continue to be export-led, with most of the impetus coming from the strong growth in re-exports.

Adverse external forces threatening Hong Kong's economy, the financial secretary said, including calls for further protectionist measures particularly in the United States, pose the most immediate threat. He assured business leaders that the Hong Kong authorities will look after local trading interests.

SINGAPORE'S PRIME MINISTER TOURS GUANGZHOU

OW241912 Beijing XINHUA in English 1859 GMT 24 Sep 85

[Text] Beijing, September 24 (XINHUA) -- Visiting Singapore Prime Minister Lee Kuan Yew said here today that he was impressed with the drastic changes in Guangzhou since his last visit in 1980. Lee, his wife and their party flew in here today from Xiamen, Fujian Province.

In the afternoon, the guests visited a 1,400-year-old Buddhist temple, a handicrafts exhibition and a joint-venture restaurant here. The prime minister and his party were honored at a dinner hosted by the Guangdong provincial government.

In his toast, Vice-Governor of Guangdong Yang Deyuan said the Guangdong people had always had close ties with the people of Singapore, and would like to learn from their experience in economic construction. Lee Kuan Yew wished the Chinese people greater achievements in their modernization drive.

ZHANG AIPING MEETS AUSTRALIAN DEFENSE COMMANDER

OW241540 Beijing XINHUA in English 1526 GMT 24 Sep 85

[Text] Beijing, September 24 (XINHUA) -- Chinese Defense Minister Zhang Aiping expressed the hope for more friendly exchanges between the Armed Forces of China and Australia here today. At a meeting with General Philip Bennett, chief commander of the Australian Defense Forces, Zhang said China and Australia are countries which enjoy friendly relations, and they are both making efforts to maintain peace in the Pacific.

Bennet said he was glad to see the growing friendship between the two nations. Australia and China share the same desire to maintain world peace and develop trade, he said. After the meeting, Zhang gave a dinner in honor of Bennett and his wife. The Australian guests today toured the Great Wall and one of the Ming Dynasty tombs to the northwest of Beijing. They also visited a tank unit of the Beijing military area command. Bennet and his party are scheduled to leave Beijing for visits to other cities tomorrow.

NAMELIST OF NEW ADVISORY COMMISSION MEMBERS

OW221130 Beijing XINHUA in English 1117 GMT 22 Sep 85

[Excerpt] Beijing, September 22 (XINHUA) -- Following is the list of new members elected to the Central Advisory Commission and the Central Commission for Discipline Inspection of the Communist Party of China:

The 56 new members of the Advisory Commission are (listed in the order of the number of strokes in their surnames): Ma Guorui, Wang Qian, Wang Zhen, Wang Lei, Wang Liusheng, Wang Congwu, Wen Minsheng, Bai Dongcai, Zhu Muzhi, Ren Zhongyi, Liu Zhen, Liu Huaqing, Liu Zhijian, Liu Minghui, Liu Fuzhi, Xu Jiatun, Sun Daguang, Du Rusheng, Li Chang, Li Rui, Li Huamin, Li Qiming, Li Xuefeng, Li Desheng, Yang Xiushan, Xiao Quanfu, Wang Dongxing, Song Renqiong, Zhang Zhen, Zhang Tingfa, Zhang Zhixiu, Chen Weida, Chen Guodong, Wu Heng, Lin Hujia, Zheng Weishan, Zhao Shouyi, Zhao Cangbi, Rong Gaotang, Rao Bin, Rao Shoukun, Hong Xuezhi, Qian Xinzong, Gao Houliang, Guo Linxiang, Huang Xinting, Mei Yi, Liang Biye, Jiang Nanxiang, Han Ningfu, Fu Congbi, Lu Dadong, Xie Zhenhua, Tan Youlin, Tan Qilong and Tan Shanhe.

EDITORIALS HAIL PARTY CONFERENCE OF DELEGATES

JINGJI RIBAO

HK241235 Beijing JINGJI RIBAO in Chinese 19 Sep 85 p 1

[Editorial: "Be Determined To Carry Out Reform and Explore the Way Forward -- Warmly Hailing the Opening of the CPC National Conference of Delegates"]

[Text] The CPC National Conference of Delegates opened in Beijing yesterday. There are two items on the agenda of the conference: 1) discuss and approve the proposal by the CPC Central Committee on the Seventh 5-Year Plan; and 2) partly readjust membership of the central leading bodies. These are two matters of primary importance affecting the overall situation and public feeling. The whole country shows concern for these matters, which have become the focus of world attention. With our hearts filled with earnest enthusiasm, we warmly hail the opening of the conference and wish it complete success.

This CPC National Conference of Delegates is held at an important historical moment in the social and economic development in our country. Since the 3d Plenary Session of the 11th CPC Central Committee, we have successfully shifted the work focus of the entire party, and started the reform of the economic structure, the scientific and technical system, and the educational system. In recent years, our government has functioned well and the people have enjoyed peace throughout the country. We have brought about a prosperous economy and our undertakings have flourished. The situation is getting better and better. Through readjustment and reform, a new situation of sustained, stable, and coordinated development has occurred in our national economy.

As far as agriculture is concerned, per capita grain production for the 1 billion people throughout the country is more than 800 jin, and per capita cotton production is more than 10 jin. Judging from the present general level of consumption by the people, we have effectively solved the problem of providing them with sufficient food and clothing.

As for industry, during the period of the Sixth 5-Year Plan, our light industry kept up a steady increase at a rate of about 10 percent. Light industry and heavy industry assume proportions of about 50 percent each. The proportions of agriculture, light industry, and heavy industry in the total output value of the entire national economy are estimated at 1/3 each. An increasingly rational ratio has been established among them.

During the past 6 years, the people's living standard has been continuously improved. After deduction of the factor for price hikes, per capita net income of rural residents has more than doubled the previous figures. The consumption level of urban residents has gone up by 60 percent.

As far as our finance is concerned, revenue and expenditure have been balanced for 4 successive years. Total revenue will reach 300 billion yuan this year, an increase of more than 100 percent over 1980. The economic situation in the first 8 months of this year was better than expected. The entire Sixth 5-Year Plan will be completely fulfilled soon, or fulfilled ahead of schedule. These achievements have fully shown that the task put forward by the 12th CPC National Congress on striving to effect a fundamental turn for the better in the financial and economic situation of the state has been basically completed. The present period is one of the best historical periods since the founding of New China.

At present, to fully ensure that our gross annual output value of industrial and agricultural production will be quadrupled by the end of this century, we should fulfill the following two pressing tasks: 1) We should do well in carrying out economic structural reform with emphasis on urban economy so that our economy will continue to develop in a sustained, stable, and coordinated way. 2) We should speed up the process of making our cadres younger to ensure the continuity of our policies and the stability of our collective leadership so that the present political situation, characterized by stability and unity, will be further consolidated and developed.

Making the cadre corps younger in average age -- members of the central leading organs in particular -- and abolishing life-long tenure of leading posts is a guiding principle adopted after the convening of the 3d Plenary Session of the 11th CPC Central Committee. This principle has been included in the party Constitution adopted by the 12th CPC National Congress. At the 4th Plenary Session of the 12th CPC Central Committee, a number of veteran comrades who made contributions to the party and the people voluntarily applied to retire from the central leading bodies. This showed their sense of responsibility for the interests of the party and the people. They will be all the more respected and supported by the entire party and people throughout the country.

Through the partial readjustment of the members of the central leading bodies at the present CPC National Conference of Delegates, the leading institutions of our party will be further filled with vigor and vitality. A new practice that enables cadres to work at both higher and lower levels will be further followed by the whole party. This will push the reform of our cadre system and the building of our cadre ranks to a new stage. This is where the hope of the entire party and the people throughout the country lies, and also a forceful guarantee for a lengthy peaceful reign in our country.

Starting from next year, our country will enter the period of the Seventh 5-Year Plan. This will be a critical period in which major reforms will be carried out in the administrative and management system of our economy, science, technology, education, and military affairs. Carrying out reform in the economic structure is our present overriding and arduous task. This is the only way to develop productive forces in our country. In recent years, we have been firmly implementing the policy of opening to the outside world and enlivening the domestic economy. We have made great achievements in this respect. The orientation of our reform is correct. We also expected some problems to occur on our road of advance. The central authorities and the State Council discovered them promptly and corrected them effectively. These problems are being rapidly solved. Since the founding of the People's Republic, history has repeatedly proved that the old method will get us nowhere and that by falling back we will come to no good.

Only by resolving to carry out reform can we solve problems occurring in reform, further emancipate social productive forces, and build socialism with Chinese characteristics so that our country will become prosperous and powerful, and our people will become rich.

It is precisely because of such understanding that the CPC National Conference of Delegates this time has assigned reform a most important position. The guiding thought and strategic policy for the Seventh 5-Year Plan is based on the spirit of carrying out reform, blazing new trails, and exploring the way forward. In a period of 5 years or longer, we will strive to set various economic relations in order and create an easy and stable economic environment for carrying out profound reform. This will be a matter of great significance for the healthy economic and social development in our country during the period of the Seventh 5-Year Plan, and the fulfillment of the task of reinvigorating our economy in the 1990's. Besides, it will also lay a solid foundation for building our country into a developed socialist country during the first half of the next century. It is absolutely necessary to do so. It is also a far-sighted practice to do so.

We are now in a golden age of reform. Our hope lies in reform, and reform has enjoyed popular support. At present, the course toward victory has been charted, and a bright future is in sight. We firmly believe that the convening of this CPC National Conference of Delegates will certainly play a great and promoting role in further creating a new situation in the four socialist modernizations, and in smoothly attaining our magnificent goals by the end of this century.

GUANGMING RIBAO

HK241452 Beijing GUANGMING RIBAO in Chinese 19 Sep 85 p 2

[Editorial: "A Most Important Conference in the New Period -- Warmly Greeting the Opening of the CPC National Conference of Delegates"]

[Text] The CPC National Conference of Delegates opened yesterday in Beijing. The conference has two central tasks: One is to rejuvenate the Central Committee, the Central Political Bureau, and the Central Secretariat by electing some younger comrades into these organs; the other is to discuss and approve the party central leadership's proposal for the formulation of the Seventh 5-Year Plan. These two things are both related to our overall situation and both have attracted worldwide attention. We wish the conference complete success. We extend our high regards to the old comrades who have voluntarily requested permission to resign from the Central leading organs. In the past, they rendered meritorious service to the people. Now they are again making new contributions to the reform of our party and state cadre system through their own actions.

The current National Conference of Party Delegates is being held under a favorable situation in which our economic construction is experiencing the most vigorous development since the founding of the PRC. The united and stable political conditions have lasted for a long time. At present, our party is leading the people of all nationalities to carry out all-round reforms in the economic, technological, and educational fields and to strive for the great objective of making the country prosperous and the people rich. The current party conference of delegates will prompt the whole party to deepen its political consciousness and carry out the principles for reform through extensive and in-depth discussions. It will promote the process of succession of the new for the old among members of the central leading organs and thus more vigorously advance the cause of socialist modernization.

In the process of socialist modernization, we must firmly implement the principle of simultaneously developing the two "civilizations." At any time and under any circumstances, we must never forget that the four modernizations we are striving for are socialist in nature. When placing reform in the primary position and making efforts to build material civilization, we should also strengthen the development of spiritual civilization and do effective work in the ideological and political field. At present and for a rather long period to come, our efforts to develop spiritual civilization and our ideological and political work should be focused on education about "being people with lofty ideals, moral integrity, good education, and a sense of discipline." We should go all out to publicize the heroic deeds and progressive thoughts of the heroes fighting along the borders and model figures in all walks of life. We should resolutely oppose and check various unhealthy tendencies. This is an extremely important ideological and political condition for ensuring and promoting the reforms.

At the same time, we should fully realize the decisive role of scientific and technological modernization in the process of realizing the four modernizations of socialism. During the period of the Seventh 5-Year Plan, we will further implement the principle that "economic construction must rely on scientific and technological progress, and scientific and technological work must serve economic construction." Promoting scientific and technological progress is a basic task that has a bearing on our overall situation, so it must be put in a strategic position. The building of the "two civilizations" depends on the enhancement of the educational level of the whole nation. In the period of the Seventh 5-Year Plan, we will make great efforts to popularize elementary education and to develop vocational education and higher education. With the rapid development of science and education, we will have more professionals in all fields. The Chinese nation will greatly raise her intellectual level. We will lay a more solid and reliable foundation for the Seventh 5-Year Plan and for our farther-reaching objectives.

The current party conference of delegates will adopt the proposal for the formulation of the Seventh 5-Year Plan and will lay down the main principles for our economic work in the Seventh 5-Year Plan period. The whole party and all people in the country should make unremitting efforts to put these principles into practice. The process of modernization is bound to encounter many difficulties and problems. We should be prepared to overcome and solve them. Intellectuals will play an important role in the process of modernization. We should cultivate a social atmosphere of respecting knowledge and respecting people of learning. It is necessary to adopt more effective measures to further implement the policy toward intellectuals and to provide them with better working and living conditions.

All intellectuals should firmly establish the lofty ideal of struggling for the communist cause throughout their lives, display a revolutionary spirit of working hard and diligently in the course of building the four modernizations, strengthen their sense of organization and discipline, and fully contribute their wisdom and resourcefulness to the country. They should, under the leadership of the party central authorities, make greater contributions to the successful fulfillment of the tasks set forth by the party conference of delegates, to the successful reforms of the economic, scientific research, and educational structures, and to the building of socialism with Chinese characteristics.

BEIJING TV ON PLENARY SESSIONS, COMMUNIQUE

HK241526 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1100 GMT on 24 September begins its regular evening newscast with a 4-minute film clip on the 5th Plenary Session of the 12th CPC Central Committee, held in Beijing on 24 September.

This is immediately followed by a 1.5-minute film clip on the Fifth Plenary Session of the CPC Central Advisory Commission and a 1.5-minute film clip on the Sixth Plenary Session of the CPC Central Discipline Inspection Commission, both held in Beijing on 24 September. The three films do not provide any captions identifying the top leaders among the hundreds of participants in the sessions. The film announcers are heard reading only the communiques issued by the three sessions.

The 4-minute film clip, which is entitled "The Communique of the 5th Plenary Session of the 12th CPC Central Committee -- 24 September 1985," opens with a medium shot of a red banner hanging on the heavy curtain at the back of the rostrum of an unidentified auditorium. The banner is inscribed with the words: "The 5th Plenary Session of the 12th CPC Central Committee." There is a very large emblem of the CPC below the banner and the emblem is flanked by 10 red flags. This is followed by a long shot of several hundred people sitting in the auditorium.

The first close-up is of Hu Yaobang. There are then individual close-ups of Deng Xiaoping (wearing headphones), Zhao Ziyang, Li Xiannian, and Chen Yun (wearing headphones). Throughout the film, there are no individual close-up shots of other leaders attending the session. Deng is shown sitting at the center of a long table on the rostrum. Sitting on Deng's left are Hu Yaobang and Li Xiannian and sitting on Deng's right are Zhao Ziyang and Chen Yun. No other leaders are shown sitting on the rostrum. Hu Yaobang, the only speaker at the session, is shown addressing the session and asking the participants for approval by a show of hands.

The following leaders are shown (in order of appearance) sitting in the first row of the auditorium: Bo Yibo, Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Deng Yingchao, Wang Zhen, Hu Qiaomu, Song Renqiong, Yang Dezhi (in PLA uniform), Li Desheng (in PLA uniform), Xi Zhongxun, Ulanhu, Peng Zhen, Yang Shangkun (in PLA uniform), Yu Qiuli (in PLA uniform), Wan Li, Fang Yi, and Ni Zhifu; and in the second row: Chen Xilian, Geng Biao, Deng Liqun, Chen Pixian, Qiao Shi, Qin Jiwei (in PLA uniform), Yao Yilin, Chen Muhua, Gu Mu, and Hu Qili. Yang Chengwu is seen sitting in the sixth row, and Huang Heshou and Huang Hua are shown sitting in an unidentifiable row.

The following leaders are also shown (in order of appearance) placing their ballots into a ballot box in the auditorium: Deng Xiaoping, Hu Yaobang, Li Xiannian, Zhao Ziyang, Chen Yun, Hu Qili, Hao Jianxiu, Hu Qiaomu, Tian Jiyun, Li Peng, Qin Jiwei, and Yao Yilin. Chen Muhua and Gu Mu are shown holding their ballots and standing behind Yao Yilin.

The film ends with a long shot of the participants standing in the auditorium and applauding.

Following that film, a 1.5-minute film clip entitled "The Communique of the Fifth Plenary Session of the CPC Central Advisory Commission -- 24 September 1985," shows Bo Yibo addressing the plenary session held in an unidentified conference hall. Bo Yibo, Wang Ping, Wu Xiuquan, Wang Zhen, Song Renqiong, Wang Shoudao, Liu Lantao, Xiao Ke, Chen Xilian, and Geng Biao are shown placing their ballots into a ballot box or standing in a line to cast their ballots in the conference hall. Cheng Zihua, Jiang Hua, He Changgong, and Duan Junyi are shown sitting in the conference hall. Xu Shiyou, identified by the communique as a vice chairman of the commission, is not seen attending the session.

The 1.5-minute film clip that follows is entitled "The Communique of the Sixth Plenary Session of the CPC Central Discipline Inspection Commission -- 24 September 1985." It shows Wang Heshou addressing the session held in an unidentified conference hall. Wang is also shown placing his ballot into a ballot box in the conference hall.

A 49-second film clip entitled "Fighters on Yunnan's Laoshan Front Study the Spirit of the Conference of CPC Delegates," is shown at 1111 GMT. It shows eight soldiers watching a televised film on the opening of the National Conference of CPC Delegates and holding a forum on the conference. The 49-second film also shows soldiers cleaning unidentified shells and an unidentified large gun.

There is then a 1.5-minute film clip on Peng Shaoxian, former director of the Heilongjiang Provincial Military District Political Department, praising the speeches delivered by CPC leaders Deng Xiaoping, Chen Yun, and Li Xiannian at the CPC conference's 23 September closing session.

A 1.5-minute announcer-read XINHUA report on foreign news agencies' favorable comments on the party conference is shown during the newscast at 1122 GMT. The announcer does not specify the date of the XINHUA report.

PLA PAPER ON HU YAOBANG'S WORK AT 18TH ARMY CORPS

OW230213 Beijing Domestic Service in Mandarin 2230 GMT 22 Sep 85

[Text] JIEFANGJUN BAO today published on its second page excerpts of a reminiscent article by Han Tiemin, entitled "Comrade Hu Yaobang and Political Work at the 18th Army Corps." The article recalls, in detail, Comrade Hu Yaobang's contributions to, and penetrating ideas on, political work in the Army during the war of liberation. An editor's note in the newspaper points out: Although the article talked about political work in wartime conditions, the principles and methods expounded can still play a significant role in guiding Army building in the new period.

FIGURES SHOW EXPORT TRADE NOW RANKS 16TH IN WORLD

HK240337 Beijing ZHONGGUO XINWEN SHE in Chinese 1007 GMT 22 Sep 85

[Text] Beijing, 22 Sep (ZHONGGUO XINWEN SHE) -- According to figures provided by statistical departments, the standing of China's export trade in the world trade league was upgraded from 28th in 1980 to 16th in 1984. Last year, the export volume amounted to \$26.14 billion, an increase of 44.3 percent over 1980.

With the great economic development, China's import trade has also developed very quickly. Its import volume in 1984 as \$27.41 billion, a 36.9 percent increase over 5 years ago.

In 1984, China's total import and export trade volume reached \$53.55 billion, an increase of 40.4 percent over 1980, a year before the "Sixth 5-Year Plan." The import and export trade in the first half of this year also showed an increase of 28.1 percent over the corresponding period last year.

Previously, native and special products and handicraft articles were China's main exports. During the "Sixth 5-Year Plan" period, the exports of minerals, fuels, and manufactured goods of the light, textile, and metallurgical industries, as well as mechanical products and transport facilities, all showed a considerable increase. Thanks to the bumper agricultural harvests in successive years, China has changed from a cotton importing country to a cotton exporting country.

In the past, the raising of foreign funds and the export of labor were considered taboo. However, from 1979 to the first half of this year, the Chinese governmental departments and enterprises have formally signed various foreign loan agreements totaling \$18.2 billion and begun to use various loans amounting to \$14 billion. The contracts that have been approved to absorb the direct investments made by Overseas Chinese and foreign businessmen in China represent an investment of \$12.3 billion. The state has approved the establishment of 1,618 Chinese-foreign joint-capital enterprises, 3,030 cooperative joint-venture enterprises, and 94 foreign-owned enterprises. At present, China has set up over 50 foreign contract engineering companies and signed various contracts for labor services and engineering projects with governments organizations and non-governmental enterprises in over 70 countries.

RENMIN RIBAO ON TRANSITION OF ECONOMIC STRUCTURE

HK241218 Beijing RENMIN RIBAO in Chinese 13 Sep 85 p 5

[Article by Wang Jiye: "The Question of the Transition of the Economic Structure From the Old Mode to the New Mode"]

[Text] At present, China is in a period where a new structure is replacing the old. The transitional process involves a series of major problems we should study both in theory and in practice. This article will touch on a few problems.

The Question of the Coexistence of a Dual Economic Structure

In the transition from the old system to the new, the old economic structure cannot completely display its role, and the new economic structure cannot abandon the old economic structure all at once. Instead, it will gradually enrich itself in line with the general orientation and general requirements of reforms in the course of the disintegration of the old economic structure. During the time of the coexistence of the old and new economic structures, we have many problems to study and solve. Three comparatively important problems are as follows:

First is the problem of the framework of the economic structure. The framework of the old structure is supported by centralized departmental management. Under this structure, enterprises basically do not have decision-making power, production is arranged by the state, products are marketed by the state, and prices are fixed by the state. As a result, enterprises do not concern themselves with the market, with the destiny of their products, or with economic results, and they lack vitality. The whole economy lacks flexibility and vigor. Breaking through the framework of the old structure supported by departmental management and gradually weakening the functions of departmental management does not in the least mean eliminating vertical economic relations. In the course of economic structural reform, it is necessary to sum up experience and probe a new system and form suited to China's vertical economic management. It is necessary and correct emphasize the development of horizontal economic relationships, but in the meantime, we should not overlook the study of vertical economic management. Linking the vertical economic relationships of the new and old structures is an even more difficult problem. On the one hand, we should weaken the functions of departmental management; on the other hand, we should substitute a new, corresponding management system. Stressing the former to the neglect of the latter will cause loopholes to appear in vertical macroeconomic control and management. This will not only make enterprises develop their business blindly, but will also create difficulties in the planning and readjustment of the industrial structure.

Second is the problem of the functions of macroeconomic control. Both the old and new structures have their own functions of macroeconomic control. Under the dual economic structure, maintaining a basic balance between the total social demand and the total social supply is a very complicated matter. In exercising macroeconomic control, the old structure takes production as the point of departure. It first sets the targets for producing certain important products, then plans for the production of raw materials and energy, and finally arranges the production of consumer goods and foreign trade. This causes social demand to comply with social production. In exercising macroeconomic control, the new structure takes satisfying the people's material and cultural needs as the point of departure, brings into full play the role of consumption in promoting production, and rationally arranges the production and investment structures. It can embody the purpose of socialist production in a better way. In exercising new macroeconomic control, we must remember not to demand uniformity. Economic activities not affecting the overall situation that are under control must continue to be controlled, and the method of control must be improved. Economic activities affecting the overall situation that are not controlled must be put under control by temporarily applying administrative means, with the gradual introduction of economic means. The transition from old macroeconomic control to new macroeconomic control requires experimentation and practice. It will not do to act with undue haste. If the functions of macroeconomic control of the old structure are weakened and the functions of macroeconomic control of the new structure cannot catch up, the result will generally be that invigoration will begin to arise in the microeconomy but difficulties will still remain in the macroeconomy. In return, the difficulties in the macroeconomy will hamper the further development of the macroeconomy.

This is the problem of regulative mechanisms. The regulative mechanisms of the old structure consist mainly of mandatory plans and administrative means, whereas the regulative mechanism of the new structure consists mainly of economic means. Under a commodity economy, economic means are applied through the market in the form of planned regulation by market mechanisms. While the new structure is replacing the old one, the alternation of regulative mechanisms undergoes a complicated process. Market mechanisms will come into play, but they are not fully equipped with the necessary conditions for bringing their role into play. In particular, it is difficult for market mechanisms to allow effective competition. There are three factors restricting the functions of market mechanisms: linking the gain and loss of commodity producers with their vital interests in the course of competition still remains a problem. We should solve this problem to enable commodity producers to benefit from competition, to run the risk of carrying out competition, and to be responsible for the losses arising from competition. Shifting to the state the losses arising from competition while enjoying its benefits runs counter to the requirements of market mechanisms. Second, enterprises under ownership by the whole people cannot freely decide on the orientation of production according to market prices and cannot make free choices as buyers. Therefore, it is difficult for market mechanisms to flexibly regulate economic activities. Third, market mechanisms require a buyers' market for bringing their role into full play. In China, the problem of the significant excess of social demand cannot be solved in a short time. If market mechanisms do not have a buyers' market to act in, it will be very difficult to bring their role into full play or to carry out effective competition. Therefore, in the course of economic structural reform, if we take into account only the demands of market mechanisms to the neglect of the above factors and weaken the functions of the regulatory mechanisms of the old structure, we cannot avoid "pigeonholing" economic management work and an imbalance will arise in some aspects of the macroeconomy.

The transition from the old mode to the new mode involves not only the alteration of the structure as a whole, but also partial changes. We will discuss problems concerning the planning system, opening the market, and economic levers. The contradictions between the old and new structures manifest themselves prominently here.

The Question of Reforming the Planning System

The crux of the transition from the old mode to new mode lies in reforming the planning system. The combination of mandatory plans, guiding plans, and regulation by market mechanisms with guiding plans as the dominant factor, and the combination of direct and indirect plans will be the main characteristics of the new planning system. Under the dual planning system, in terms of vertical economic relationships, the functions of regulation through planning will gradually weaken and the functions of regulation by market mechanisms will gradually strengthen. In terms of horizontal economic relationships, the functions of regulation by market mechanisms are greater than those of regulation through planning. In terms of the regional distribution of the productive forces and the arrangement of the production structure, the functions of regulation through planning are greater than those of regulation by market mechanisms. The healthy development of China's planned commodity economy is determined to a large extent by the ability of the planning system to control the market. In the final analysis, it is determined by the ability of the state to control the market.

The difficulty with reforming the planning system lies in correctly combining microeconomic control with macroeconomic control. While strengthening macroeconomic, we should focus the reform of the planning system on enlivening microeconomic control. The reason is because in the transition from product economy to a planned commodity economy, a fundamental change has taken place in the object of planned management. In the exchange of commodities, money plays an intermediary role and has a decisive bearing on the value and use value of commodities. In a movement of products, particularly when goods are in short supply, the realization of the value and use value of products is determined by the state through its planned allocation and distribution. In this case, money is only involved in settling accounts. Originally, money was the general equivalent of a commodity. It could not play an intermediate role in the exchange of commodities, and prices could not play a regulatory role. In such cases, enlivening enterprises was nothing but empty talk. In the transition from the old mode to the new mode, we should take enlivening enterprises as the point of departure in the reform of the planning system.

To keep pace with the transition from the old mode to the new mode, it is necessary to change the means of regulation. Under the old mode, macroeconomic control is linked with microeconomic control through mandatory plans and by administrative means. It is necessary to shift to economic levers while not ruling out administrative means. The question concerns where the two meet. It seems that the key to solving this problem is exercising a regulating policy that takes economic levers as the main component. Under the planned commodity economy, economic levers should not be applied at will, but in a planned way, and should appear in the form of policy on most occasions. The application of economic levers such as prices, credit, and taxation can never be divorced from the relevant policy. Practicing a system of regulation centered on a regulatory policy will possibly link macroeconomic and microeconomic activities. An important aspect of this connection is to reduce mandatory plans, to readjust the prices of production materials, and to rely on a regulatory policy in enlivening large and medium-sized enterprises.

In the course of the reform of the planning system, it is necessary to handle well the relationship between economic construction and the reform of the planning system. We should strive to use the reform to promote the sustained, stable, and coordinated development of the economy, which in turn will create better conditions for the reform. In this way we can prevent economic plans from becoming disharmonious with the reform. For this reason, we should arrange macroeconomic plans in coordination with measures for reform, take reform as an important component of our long-term plans, and appropriately arrange the relationship between economic growth and reform.

For example, we should study much wealth the reform can produce, the quality of economic results it can bring about, and to what extent it can promote the economy. In addition, we should combine reform with macroeconomic control.

The Question of Opening the Market

The transition from the old mode to the new mode is intertwined with the transition of the economic structure from a closed product economy to an open commodity economy. Only with the formation of an open socialist market can an open economic structure be established. To promote the formation of an open socialist market, we should do a good job in the following two aspects of the economic structure: bringing into full play the role of key cities and readjusting the production structure according to the changes in the market. These two aspects are complementary.

A key city is in itself a market, that is, an open market with a certain radiating force and multiple functions. An open market is the convergence of supply and demand as well as a testing ground for economic results. It is a commodities market. At present it is necessary to open a market of production materials and to allow more production materials to enter the market through various types of trade centers in order to improve the social effects of production materials. It is necessary to open a market of funds, to correct the tendency to stress the vertical circulation of funds to the neglect of their horizontal circulation, and to develop various types of horizontal investment in order to bring our limited funds into better play. It is necessary to open a technology market, to turn science and technology into a productive force of a broader scope, and to improve the economic results of technology. Under socialist public ownership, labor power is not a commodity. However, with the development of the tertiary industry, markets are emerging in which various types of paid labor services are provided. To enable a key city to play the role of an open-type market, we should put an end to the separation of departments from regions. For this reason, we should gradually weaken the functions of departmental management and give key cities more power for economic management so that they become open markets with strong radiating force. In addition, we should form suburbs centering on large cities and build an urban network under which coordination is carried out between specialized units. In this way, large enterprises will be able to bring along small enterprises. China has a vast territory. In developing large and small cities and large and small enterprises, we should take into account the factors of market, traffic, and telecommunications. Building suburbs centering on large cities will help solve the problem of traffic and telecommunications and is beneficial to forming an open-type market. Following the development of traffic and telecommunications, the radiating force of suburbs will become stronger. This will help build a market network of a broader scope under which an open unified socialist market linked with various economic zones will be formed.

An open market is based on an open economic structure. The production structure under the old system cannot keep pace with changes in the market and changes of other structures, to say nothing of satisfying the need for expanding exchange with foreign countries. Therefore, it is necessary to readjust the production structure in such a manner that it can cater to the market and the world and create income from foreign exchange. While the new structure is replacing the old one, the demand on the market changes so rapidly that it is very hard for readjustment of the production structure to catch up. Moreover, irrationality of prices will cause the transmission of incorrect information to the production structure. On the other hand, the readjustment of the production structure is restricted by the separation of departments from regions.

Therefore, the readjustment of the production structure must be prolonged and not shortened. But the orientation of readjustment must be clear, that is, it must be aimed at breaking the closed production structure and shifting to an open production structure. In this way, the new system can have a modernized, open economic structure as its solid foundation.

The Question of Comprehensively Applying Economic Levers

In running a planned commodity economy, it is necessary to rely on and apply the law of value as well as economic levers. However, economic levers should be complete so that they can be used both to enliven the microeconomy and to exercise effective macroeconomic control and management. How then should we form a complete set of economic levers?

Price is the monetary form of value as well as the basic and main form through which the law of value displays its regulatory role. In comparison with other economic levers, price has more functions. It can transmit information, regulate production and consumption, and regulate the distribution of income. Price is closely tied to economic results. Serious deviation of price from value will affect the correct appraisal of the value invested and produced and will cause a partial imbalance of microeconomic results. Therefore, to enliven enterprises so that they can improve their economic results, it is necessary to reform the irrational prices of goods so that they comply with the value of goods. Only in this way can we make a distinction between problems arising from improper management of enterprises and problems due to the inability of macroeconomic control to create a normal economic environment for enterprises. The former should be solved by tapping the potential of enterprises, promoting technological progress, perfecting economic accounting, and improving economic results. The latter should be solved by perfecting economic levers, exposing contradictions through price system reform, pointing out a correct direction for both financial and banking system reforms, and ascertaining which of the problems should be solved through financial system reform and which through banking system reform. If we do not do this, price, financial, and banking system reforms will be separated from each other, their regulatory roles will contradict each other, the regulatory system of economic levers cannot be formed, and problems will inevitably arise in macroeconomic control and management. To avoid all this, price system reform should be carried out in such a manner that it plays a leading regulatory role for all of the economic levers. Only under this prerequisite can we effectively perfect various economic levers and form a complete set of economic levers. As price system reform is very complicated and can have a great impact on various fields, we should steadily carry it out and strive for a new mode suited to China's conditions.

The diversified development of China's economy requires various types of material distribution and commodity exchange. The method of readjusting on a small scale the prices of the production materials listed in the plans and of relaxing control over the prices of the production materials not listed in the plans has enabled the general level of prices to steadily rise and to reflect the relationship between supply and demand. This method takes into account the capacity of society and is therefore beneficial to promoting technological reform in enterprises, to reducing material consumption, to improving management, and to correcting the habit of relying on inexpensive raw materials in production. The dual price system, which allows the coexistence of the prices of production materials listed in the plans and of the prices of production materials outside the plans, is an important characteristic of the transition from the old mode to the new mode. Although the system will cause problems (such as using price differences for speculation), it has more advantages than disadvantages. It can promote production, enliven the circulation of production materials, and improve the results of using production materials. It is beneficial to reducing the shortage of goods. Of course, under this dual price system, it is necessary to strengthen macroeconomic control in order to prevent large-scale price increases. Therefore, state-run economic departments, and state-run commercial departments in particular, should actively use regulation by market mechanisms and shoulder the heavy task of leading and balancing the market.

Price system reform has an important bearing on banking system reform. Irrational prices will hamper us in making a correct appraisal of credit and the results of using funds. With the development of the planned commodity economy and the expansion of the role of the market, we should run our banks well, enliven financial circles, regulate the circulation of funds, and improve the results of using funds. For this reason, we should use interest rates as a lever. When funds are in short supply and the scale of investment is too large, we should raise interest rates so as to absorb funds and control the scale of investment. When funds are adequate and more investment in some enterprises is necessary, we should cut interest rates so as to stimulate investment. Accommodating funds through the readjustment of interest rates and exercising macroeconomic control will encourage people to start new projects with good economic results and will force them to stop the construction of projects with negative economic results. Whether this method can produce effective results depends on whether the responsible persons of enterprises can make quick responses to the changes in interest rates. If power, responsibility, and profit are not linked, the responsible persons of enterprises with negative economic results will still ask for loans even if interest rates are raised, as they do not run the risk of being penalized. As a result, the scale of investment will still be out of control. If the problem of taking risks in investment is solved, regulating investment by means of interest rates is much better than controlling investment by administrative means. In addition, the former is beneficial to unifying the funds listed in the plans with funds outside the plans. This will involve financial system reform and, in particular, the choice of the mode of investment in capital construction. There are two investment channels in China's capital construction: One is accumulating funds through finances and the other is using bank loans. This dual investment channel has many defects. For example, when financial allocation is not available, people will turn to bank loans; when bank loans are inadequate, people will rely on financial allocation, thus causing much waste in the use of funds. Profit-making enterprises and projects should shift from relying on financial allocation to using bank loans, and banks should exercise regulation and control chiefly by means of interest rates. Furthermore, specialized banks should become enterprises assuming sole responsibility for their own losses or profits. To fulfill the above transition, it is necessary to sum up experiences and gradually create appropriate conditions. Acting with undue haste will generally bring about negative results and confusion in investment management.

In short, price, financial, and banking system reforms should be carried out in such a way that they will be linked and will create conditions for the gradual formation of macroeconomic control and a regulatory system that will promote the smooth transformation of the whole economy from the old mode to the new mode suited to the development of the planned commodity economy.

CIRCULAR ON REINVIGORATING STATE ENTERPRISES

OW201130 Beijing XINHUA Domestic Service in Chinese 0858 GMT 19 Sep 85

[Text] Beijing, 19 Sep (XINHUA) -- In a circular attached to the "provisional regulations on questions of reinvigorating large and medium-size state industrial enterprises" formulated by the State Planning Commission and the State Commission for Restructuring the Economic System, the State Council points out that reinvigorating large and medium-size state industrial enterprises is a policy decision of strategic significance. The circular urges all regions and departments that they should, in the course of restructuring the economic system in cities and in accordance with the principles of separating government and enterprise responsibilities, streamlining the administration, and delegating greater authority to enterprises, actively support large and medium-size state industrial enterprises in reinvigorating their operations.

The circular says: Large and medium-size state industrial enterprises play an extremely important part in the national economy. Not only must they undertake the state's mandatory plans and contribute to the state's revenue, they must also play the main part in developing society's productivity and technical progress. Reinvigorating the large and medium-size state industrial enterprises is a policy decision of strategic significance. In varying degrees, however, many enterprises are currently unable to give full scope to their potential since their management, technology, and equipment are outmoded and their operation is uneconomical; they also commonly lack the capability of self-transformation and development.

The circular says: While a good operational environment is essential to reinvigorate the large and medium-size state industrial enterprises, more importantly, these enterprises must look inward and see how they can improve themselves. They must give full scope to their advantages in personnel, technology, equipment, and capital, and make efforts to improve the quality of their products, reduce the consumption of resources, and develop the multipurpose use of resources.

All large and medium-size state industrial enterprises must earnestly implement the policies and measures for reform set by the CPC Central Committee and the State Council; properly exercise the authority granted to them; have a clear idea of markets, input and output, interest rates, capital circulation, competition, and intellectual resources development; and act as quickly as possible to change their mode of operation -- from merely producing industrial goods to developing their production and operation. Moreover, they must step up ideological and political work so that their staffs and workers will become people with lofty ideals and a higher sense of discipline who can meet the needs of socialist modernization and contribute to economic development.

To reinvigorate the large and medium-size state industrial enterprises, the State Council in its circular urges all regions and departments to make sure that the "provincial regulations on questions of reinvigorating large and medium-size state industrial enterprises" are implemented. It says: All economic and planning commissions and all financial, auditing, statistical, banking, price, and commercial administrative departments, as well as the enterprises themselves, must adopt effective measures to make sure that the regulations are fully implemented.

RENMIN RIBAO Editorial

HK210730 Beijing RENMIN RIBAO Overseas Edition in Chinese 21 Sep 85 p 2

[Editorial: "Vigorously Grasp the Key Link of Our Urban Economic Structural Reform -- on Further Invigorating Large and Medium-sized State-Owned Industrial Enterprises"]

[Text] Over the past few years, as the CPC Central Committee and the State Council have formulated a series of policies and measures for the economic structural reform, some enterprises have been enlivened. Among other enterprises, small state-owned enterprises and collective enterprises have been enlivened quite a lot, while a fairly large number of large and medium-sized state-owned industrial enterprises have not been adequately invigorated, and they lack the vitality that they ought to have. This is because quite a few of our large and medium-sized enterprises have not yet been entirely freed from the various fetters that restrict the development of our productive forces. Therefore, to different extents, there are problems of backward management, low economic results, and slow technological progress in these enterprises. A fairly large number of these enterprises lack the capacity of self-transformation and self-development. In our country, large and medium-sized state-owned enterprises only account for 2 percent of the total number of enterprises, but their fixed assets, profits, and tax payments account for more than 60 percent of the total figures of the nation, and thus constitute a principal force of our national economy.

Invigorating our enterprises, in particular, our large and medium-sized state-owned enterprises is the key link of the whole economic structural reform with the focus on urban reform. Only when our large and medium-sized enterprises are invigorated can we enable our entire urban economy to have even greater vitality. Otherwise, the establishment of a socialist economic system filled with vitality and vigor is out of the question. Therefore, vigorously grasping this key link and continuing to invigorate our enterprises is the key to our current urban economic structural reform.

What we have said about "being enlivened" and "vitality" is not merely economic terms, but vividly and pithily expresses the following philosophical view: All things in the world are moving and have their internal vitality, without which there is no life. An enterprise as an economic cell of the society must of course be filled with vitality. The major reason why our country's large and medium-sized enterprises lack vitality at present is because some defects of the original economic structure have continued to fetter our enterprises even now. Invigorating our large and medium-sized enterprises involves many aspects of our urban economic structural reform, such as the reform in our planning and management systems, financial and banking system, price system and labor and personnel system. At present, as long as we grasp the key of invigorating our large and medium-sized state-owned enterprises, we will be able to effectively promote the urban economic structural reform as a whole.

Recently, the State Council has approved and issued the "provisional rules of the State Economic Commission and the State Commission for restructuring economic system on certain questions concerning the invigoration of large and medium-sized state-owned industrial enterprises" which has summed up the experience gained in the practice of economic structural reform in the past few years, and provides useful experience and methods for invigorating our enterprises both externally and internally. This document grasps the key issue of invigorating our large and medium-sized state-owned industrial enterprises and thus it will inevitably bring along a full set of reform in our planning, price, and labor and personnel systems. All our departments and units should unify their understanding, coordinate their actions, conscientiously implement their rules and earnestly grasp the work of invigorating our large and medium-sized enterprises.

In order to invigorate our large and medium-sized enterprises, it is very important to correspondingly improve the external conditions for them. Injecting vitality from outside into these enterprises is something we should be trying to do at present. First, we should adhere to the principle of separating government functions from the functions of our enterprises and continue to streamline our administration and decentralize our power. We should really and thoroughly hand over to our enterprises the economic decision-making power and administrative and managerial power that they ought to have. No retention of the power at any level is allowed. At present, we have fallen far short in doing this work satisfactorily. Some areas or departments have retained the power that ought to have been handed down to our enterprises and there is once more a trend to taking back from our enterprises the power that had already been handed down to them. Our party committees and governments at all levels must pay great attention to this. We must streamline the medium levels and be determined to sort out and reorganize our companies — dismissing and merging some of them, turning others into service companies, and turning still others back into administrative organs in light of the actual situation. All this is aimed at imbuing our enterprises with the power to operate independently. Second, those advanced enterprises that have satisfactory economic results and make great contributions, should gradually be exempted or have their readjustment taxes reduced in order to enhance their capacity of self-transformation and self-development. Third, we should resolutely correct the malpractice of indiscriminately apportioning expense to enterprises and indiscriminately raising funds from our enterprises. Now, some areas and departments have imposed too heavy a burden on our enterprises, thus seriously hindering their production and operation.

This situation must be changed. We should clearly fix the scope, contents, and percentage of our enterprises' share of social costs. Our financial, banking, auditing, and industrial and commercial administrative departments should conduct effective supervision and check on this work.

True, in order to invigorate our large and medium-sized state-owned enterprises, it is necessary to provide some external conditions, but external causes have to function through internal causes. For the enterprises themselves, they should particularly stress paying attention to their internal affairs, fully and satisfactorily apply the decision-making power with which the state has endowed them, speed up the pace of their internal reforms, give play to their own favorable factors, and tap their tremendous internal potential. This is the major basis for the invigoration of our enterprises and is also a fundamental way to speed up the progress of our country's four modernizations. In speeding up the internal reform in our enterprises, we should first reform the internal personnel system in our enterprises and promote into their leading groups a number of management personnel who have courage and insight and who are in their prime. In doing this work, we should emancipate our minds and refrain from sticking to one pattern.

Second, we should continue to establish and perfect the economic responsibility system. Inside our enterprises, under the precondition of persisting in conducting unified management, we can rationally divide an enterprise up into small internal accounting units in light of the actual situation. If conditions allow, we can allow each of these units to operate relatively independently. The source of an enterprise's vitality lies in its masses of staff and workers; therefore, we should fully give play to their initiative and creativeness. We should pay particular attention to our ideological and political work and simultaneously grasp our socialist material and spiritual civilizations. At the same time, we should pay attention to the principle of material interests. We should correctly implement the principle of distribution according to labor not only for our producers but also for our managers. We can adopt the method of signing contracts to clearly fix in writing the responsibility, power, and rights and interests of enterprise managers, reward those who ought to be rewarded and punish those who ought to be punished. Only by living up to our promises concerning reward and punishment can we make our internal responsibility system work. Besides, under the precondition of ensuring the fulfillment of the state plans, our enterprises are allowed to diversify their operation while regarding one line of their operation as the major one. By so doing, they will enliven their operation and use every means to raise their economic results.

"Why is the water in the canal so clear? Because there is flowing water at its source." Now, the CPC Central Committee and the State Council have already formulated a concrete policy for invigorating our large and medium-sized state-owned industrial enterprises. We believe that as long as all areas and departments coordinate their efforts with one heart, and in addition, as long as our enterprises themselves make efforts, a brand new situation will certainly emerge in our economic work.

GUANGMING RIBAO DISCUSSES PLANNED MARKET GOALS

HK201427 Beijing GUANGMING RIBAO in Chinese 7 Sep 85 p 1

[Article by Wang Jue: "A Preliminary Discussion on the Planned Market -- The Goal and Pattern of Reform of the Planning System"]

[Text] The socialist economy is a planned commodity economy. Therefore, the controlling mechanism of the socialist economy must be planned regulation by market mechanism. There are significant differences among theoretical circles in understanding of this question. Here I would like to discuss my personal views on the question.

1. The Relationship Between Planning and the Law of Value

The socialist planned economy is a special historical formation in which the law of value plays a part. The main function of planning is nothing more than to achieve the objective of the law of value on a social scale. Without the conscious application of the law of value in society at large, planning and the planned economy are basically out of the question.

Marx said: Practicing thrift and distributing social labor in proportion are objective laws, no matter what the society. The often-quoted law of planned proportional development is the specific form of the above law on the basis of public ownership. However, under current social systems, the way it functions is different. That is determined by two factors:

One factor is the economic system (or the form of exchanging labor). There are three economic systems in human society: the natural economy, the commodity economy, and the product economy. The natural economy is closed and self-supporting. Under this system, social labor is distributed according to needs and to the law of use value. Under the commodity economy system, social labor is distributed according to the requirements of the law of value. The law of distributing social labor in a planned and proportional way is based on the law of value, which demands that social labor be distributed in proportion among various departments. Under the future (communist society) product economy, in which every person's labor is part of direct social labor, social labor is directly distributed among various departments, using time as the yardstick.

The other factor is the nature of the relations of production, which determines the specific nature of the law of practicing thrift and distributing social labor in proportion. Both capitalist and socialist societies use the law of value in distributing social labor, but there is a principled difference between them in applying the law. Under the capitalist system, the law of value has been changed into a law of blind competition and anarchism and is realized through periodic economic crises. This state of affairs is decided by the basic capitalist economic law -- the law of surplus value. The argument that the law of value can lead to blindness and anarchism is not accurate. Blindness and anarchism are not the inevitable results of the law of value itself; instead, they result from the changed nature of the law of value under the decisive influence of the law of surplus value. Under the socialist system, the requirements of the law of value can be met consciously and in a planned way. This is because, determined by basic socialist economic law, the law of value has changed into a law of planned development. Consciously applying the law of value on a social scale means planning. Under socialism, the law of value is applied consciously and in a planned way in the whole of society. The law of value plays a regulatory role both before and after events, and it has both a microeconomic and macroeconomic regulatory function. The view that separates the regulatory role of the law of value from that of the law of planning and sets the former against the latter is untenable.

2. The Relationship Between the Law of Value and the Market

The market is the convergence of the relations of exchange and the economic process of the realization of the law of value. The realization of the role of the law of value, whether in microeconomic or macroeconomic terms, must come through the market. The market is quite complicated and includes the relationship between supply and demand, competition, price and value, and other market mechanisms.

Under socialism there must be three types of markets: the commodity and financial markets and the market for disposal of labor resources. The commodity market includes markets for the general means of subsistence, and the means of production, technology, and information. The core of the financial market is the market for funds, which may be manifested in the form of shares or property. We can do without a funds market, because with the absence of such a market, the currency form of funds cannot be readjusted by the law of value.

Of course, in opening up the funds market, we must be prudent and proceed step by step. In the socialist economy, labor is not a commodity, because laborers jointly own the means of production. However, the way labor resources are distributed among various departments and the relationship between laborers and the means of production are two entirely different things. Since the socialist economy is a commodity economy and distribution according to work done is carried out in the form of monetary wages, the distribution of social labor resources will inevitably be readjusted by the law of value to a certain extent and distribution according to work done will be affected by the operations of enterprises or by the conditions of the commodity market. Therefore, wages constitute a lever for distributing labor resources in a planned way. The above three interrelated markets form an integral whole, one conditioning the other. Only when human, financial, and material resources are rationally organized and used through the market can we truly act according to the requirements of the law of value.

The regulatory role of the market is expressed in the causality of market mechanisms, and the regulatory role of the law of value is realized through market mechanisms. For example, the commodity market is regulated mainly by prices, the financial market by interest rates, and the market for the disposal of labor resources by wages. The socialist market is a planned, competition-oriented market. Characterized by planning and conscious application, the socialist market is capable of eliminating spontaneity and subjective intentions. Hence, it is called a planned market.

In our practical economic life, more often than not, planning is set against the market. Planning and the market are considered mutually exclusive. According to this view, the future relaxation of controls over prices will mean stressing the market and discarding planning. This is apparently not appropriate. The main trend at present is fear of the market. People fear the mention of the market in theory but they want to rely on it in practice. This is a big contradiction. One traditional view argues that the socialist economy is a planned economy and the capitalist economy is a market economy. This way of differentiating the nature of the two different economic systems is, in fact, not precise. As long as people acknowledge that the socialist economy is a commodity economy that must go through the market, they will have to agree that the socialist economy is also a form of the market economy. The problem lies in the nature of the market economy rather than in the market economy itself. The socialist economy is a planned commodity economy based on public ownership and the capitalist economy is a blind and anarchic market economy under the system of private ownership by capitalists.

3. The Relationship Between Planning and the Market

Planning and the market form an integral whole. They are unified on the basis of the law of value in terms of contents. Without the law of value, the development of the planned economy and commodity economy under socialism will be out of the question. There is a relationship between simulated and real markets. The real market is automatic and spontaneous while in the simulated market after being processed, the information coming from the real market is reapplied to its source. This helps change the automatic and spontaneous market into a conscious, planned market and change the nature of the function of the law of value into the law of planned development. If the two changes are achieved, this will mean the realization of planned regulation by a market mechanism whose specific manifestations are as follows:

First there will be regulation by market mechanism under planned controls. This is a policy decision of a regulatory character made directly by the state and local economic departments in light of market conditions and using economic levers. For example, the state directly controls the prices of products in short supply of a monopolistic character so as to ensure the construction of key development projects and the stability of the market.

The state exercises control over the total volume of credit and the modes of credit so as to ensure the expansion of the production of goods whose supply falls short of demand and the curtailment of the production of goods whose supply exceeds demand. The state also keeps down the prices of some commodities in the market by directly controlling the supply of commodities in the market, ensuring the stability of the general level of prices. Nevertheless, this form of regulation should not be excessively used in terms of scope and quantity.

Second, there is regulation by market mechanism under planned guidance. This is the basic form of the planned competition-oriented market. The state should gather market information in many ways. After studying and processing it, it should use the processed market information to define market signals that can be used for guidance. In other words, the state should use various economic levers and policies to regulate the economic functioning of the real market and, moreover, should promptly readjust the signals for guiding the market in accordance with changing market conditions so that enterprises can participate in competition under the guidance signals as stipulated by the state. The scientific nature of this form of regulation is the foundation of the effectiveness and the optimum character of planned regulation by market mechanism. At present we must try our best to learn and use this form of regulation and bring into play its positive role in combining macroeconomic control and microeconomic invigoration.

Third, there is regulation by market mechanism under the influence of planning. This refers to the type of regulation imposed on miscellaneous, fast changing commodities. It is a necessary component of socialist planned regulation by market mechanism. Therefore, on no account must we neglect it.

At present, to achieve planned regulation by market mechanism, two problems must be solved satisfactorily:

First, enterprises are fully encouraged to go into the market. Human, financial, and material resources should be regulated by planned market relations. Banks should be run as enterprises. It is necessary to subject the operations and management of enterprises to public appraisal, to bring more pressure to bear on enterprises, and to allow enterprises to go bankrupt. Only when enterprises are encouraged to go into the market can they really become relatively independent commodity producers and managers; can responsibility, authority, and benefit be genuinely integrated; and can enterprises be truly invigorated.

Second, the law of value should be consciously applied on a social scale. In other words, efforts should be made to strengthen macroeconomic control, to study the real market, to provide market signals that can be used for guidance, and to use the signals and other economic measures to regulate the market and the functioning of market mechanisms. At the same time, efforts should also be made to strengthen administrative and legal measures so that economic measures can function more satisfactorily.

Only when the above two problems are solved can a situation be created in which there are controls but not rigidity, and liveliness but not chaos in the operation of the socialist economy.

GUANGMING RIBAO ON PLANNED, COMMODITY ECONOMY

HK200605 Beijing GUANGMING RIBAO in Chinese 7 Sep 85 p 3

[Article by Zang Zhifeng: "A Brief Analysis of the Unity of the Planned Economy and the Commodity Economy"]

[Text] For a time, we understood the unity of the socialist commodity economy in this way:

The unity of the public ownership of the means of production and the fundamental interests of the people is the condition for carrying out the planned economy, while the differences in the interests of the various enterprises has determined that the socialist economy is a commodity economy. The former reflects the identity of the interests of the people and the latter reflects the differences in the interests of the people. So, the unity of the planned economy and the commodity economy is actually the unity of the identity of the interests of the people and the differences in the interests of the people. But if we study this question more carefully, we will find that this understanding of ours has not yet completely reflected the nature of the production relations incarnated by the planned economy and the commodity economy under socialist conditions and the internal unity of the planned economy and the commodity economy. In practice, we often simply think that the various contradictions in economic life have been caused by the contradiction between the planned economy and the commodity economy. This shows that we have believed that the relations between the planned economy and the commodity economy are the relations of the unity of opposites. Such thinking is detrimental to fundamentally eliminating the influence of the traditional concept of setting the planned economy against the commodity economy.

1. The Unity of the Socialist Planned Economy and the Socialist Commodity Economy Is an Internal and Organic Historical Unity

First of all, we should fully understand the contents of the production relations reflected by the socialist commodity economy. The academic circles have different opinions toward the specific reasons why the commodity economy exists in the socialist ownership by the whole people, but the various opinions have one thing in common. They all believe that differences exist in the interests of enterprises. This difference has determined that the socialist economy is a commodity economy, not a product economy. This opinion is no doubt correct. Here we must point out the reason the socialist economy exists and the economic relations reflected by the commodity economy are not only linked with each other but also differ. The socialist commodity economy is the commodity economy based on public ownership, so the socialist commodity economy not only reflects the identity of the interests of the people, which is fundamental, but also reflects the differences in their interests. Only through commodity production and commodity exchange can we realize the demand of the unified interests of the people, and at the same time, satisfy the needs of the interests of the various economic bodies. This is the special quality of the socialist commodity economic relations, which differs from that of the simple commodity economy and the capitalist commodity economy.

Second, the socialist planned economy is different than the communist product economy. In the socialist planned economy, the product is based on the unity of the public ownership of the means of production and the interests of the people. But, the socialist economy is the planned commodity economy. Here the object of the plan is commodities, not products. The relations of the interests of the people reflected by the socialist planned economy shows not only the unity decided by the public ownership but also the differences. The relations of the interests of the people are the unity in the contradictory system formed by the relations of the interests of the state, enterprise, and individual workers. Without the differences in the interests of the people, this unity would become an empty abstract.

So, as two economic categories, the specific reasons for the socialist planned economy and the socialist commodity economy to exist are different. The former is the demand of the unity of the interests of the people, while the latter is the product of the differences in the interests of the people.

But, on the basis of the public ownership of the means of production, they reflect the unity and differences in the interests of the people from different angles. Under socialist conditions, they have been internally, organically, and specifically unified in the socialist economic system.

2. Why the Extensive Development of the Socialist Commodity Economy Can Probably Become a Kind of Blind Economic Development

Very often, some of our comrades cite a sentence from the decision of the CPC Central Committee on the reform of the economic structure: "The extensive development of the socialist commodity economy can also become a kind of blind economic development" to explain the contradiction between the socialist planned economy and the socialist commodity economy. I think that our comrades should make a concrete analysis of this question. The blindness caused by the extensive development of the commodity economy means the lack of coordination between the microeconomic activities and the overall balance of the macroeconomy or refers to the fact that the partial economic development has struck at the overall economic plan.

Why does this situation exist under socialist conditions? First, it is because of the contradiction caused by the disagreement between the subjective cognition of the people and the objective reality. People often think that the problems in economic life, which are caused by the incorrect economic policies and the inefficient economic administration, are the result of the development of the commodity economy and the role of the law of value. This idea is wrong. Secondly, the reason the extensive development of the socialist commodity economy can probably become a kind of blind economic development is because of the objective contradictions in the interests of the state, enterprises, and individual workers under the socialist system. The socialist economy can only advance by continuously coordinating the contradiction in the relations of the interests of the three. Here, we should understand that the relations between the planned economy and the commodity economy are that the planned economy exists in the commodity economy and the commodity economy exists in the planned economy. But, the two have different positions in the unity and have different purposes in adjusting the economy from different angles. The planned coordination emphasizes the overall macroeconomy. The coordinating role of the law of value is that the enterprises determine the investment and management directions by showing concern for the microeconomy, namely, their partial interests, so as to realize the macroeconomic balance. The above-mentioned contradiction in the social economic operation and the contradiction in the subjective cognition will naturally be seen on the various sides and in the various links of the economic work. We must understand, analyze and resolve these contradictions. We should not simply think that these contradictions have been caused by the contradiction between the planned economy and the commodity economy.

3. To Consciously Apply the Law of Value in the Whole Society is the Hub of the Unity of the Planned Economy and the Commodity Economy

The internal and historical unity of the socialist planned economy and the socialist commodity economy shows that the guidance of the plan is the internal demand of the development of the socialist commodity economy. Generally speaking, the socialist commodity economy must develop in a planned way. Without the guidance of the plan, the development of the socialist commodity economy cannot avoid blindness and anarchy. And this will be detrimental to the steady and coordinated development of the overall balance of the whole economy and will be contrary to the demand of the public ownership of the means of production. Because the object of the socialist planned economy is commodities not products, so the socialist planned economy cannot develop without the guidance of the law of value. The socialist planned economy demands the realization of the rational distribution of the inanimate labor and animate labor in the various departments by coordinating the relations of the interests of the people; otherwise, it would be difficult to realize the plan.

This shows that the law of development in a planned and proportionate way and the law of value have a unified demand on the basis of public ownership. If we think more carefully, we will find that consciously applying the law of value in the whole society is also a special form of realizing the law of development in a planned and proportionate way under socialist conditions. This cognition has not only enabled us to find the hub to unify the planned economy and the commodity economy but also enabled us to find the specific channels and forms to unify the two in our practical work. The guidance plan is the most appropriate form for realizing this kind of unity. But the mandatory plan cannot be cancelled, because the main difference between the guidance plan and the mandatory plan is that the producer and the consumer have different ways to link with each other on the market: The former adopts the method of signing contracts on a voluntary basis to link the latter, whereas the latter links the former through the state.

That we consciously apply the law of value in the whole society is determined by the unity of the socialist planned economy and commodity. The contradiction in the operations of the socialist economy will mainly be consciously coordinated by adopting the economic methods concerning value. The question of motive force and the question of balance in the development of the socialist economy will be properly solved along with our conscious application of the law of value in the whole society.

NATIONWIDE TAX, FINANCE, PRICE INSPECTIONS UNDER WAY

OW220003 Beijing XINHUA Domestic Service in Chinese 1007 GMT 20 Sep 85

[Excerpts] Beijing, 20 Sep (XINHUA) -- Our XINHUA reporter has learned from the General Office for Major Inspection of Tax Revenues, Financial Affairs and Commodity Prices Under the State Council that a nationwide major inspection campaign of tax revenues, financial affairs, and commodity prices sponsored by the State Council has been unleashed in various localities. The State Council has dispatched 28 major inspection groups to go to various localities to help carry out inspection work.

A responsible person of this general office told the reporter: The State Council attaches great importance to this major inspection campaign of tax revenues, financial affairs and commodity prices. It has transferred more than 250 cadres from various ministries and commissions including over 20 cadres at the ministerial level to participate in various groups. On the basis of the relative documents issued by the State Council, various provinces, municipalities, and autonomous regions have organized leading groups for conducting major inspection. Various departments at the central level are also actively taking actions. The Ministry of Railways has organized 15 work teams. They will soon go to various railway bureaus and various enterprises under the bureaus' administration to carry out major inspection work.

The responsible person of the General Office for Major Inspection of Tax Revenues, Financial Affairs, and Commodity Prices Under the State Council said: In handling violations against state laws and party discipline during the inspection campaign, it is not only necessary to invoke sanctions on the unit or individual concerned, but also essential to take disciplinary actions against those who are directly responsible for the violation or violations to extent of pursuing their criminal liabilities.

SHANDONG ORGANS STUDY PLENARY SESSION COMMUNIQUE

SK241016 Jinan Shandong Provincial Service in Mandarin 2300 GMT 19 Sep 85

[Text] On 19 September, the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial People's Government, and the provincial CPPCC Committee respectively held Standing Committee meetings and leading party group meetings to conscientiously study the communique of the 4th Plenary Session of the 12th CPC Central Committee and the opening speech made by Comrade Hu Yaobang at the National Conference of Party Delegates. All participants of these meetings maintained: This is a conference with a profound historical significance. It will certainly make our party more prosperous and flourishing, and further promote the successful development of our country's socialist modernization drive. In the course of study and discussion, some Standing Committee members of the provincial CPC Committee pointed out: Comrade Hu Yaobang's opening speech at the National Conference of Party Delegates is a realistic, stirring, and good report. They called on CPC committees at all levels to organize the vast rank of party members, cadres, and the masses to conscientiously study the communique of the 4th Plenary Session of the 12th CPC Central Committee and Comrade Hu Yaobang's opening speech at the National Conference of Party Delegates in order to mark the convocation of the National Conference of Party Delegates with practical success in the current work.

In the course of study and discussion, leading comrades of the provincial Advisory Commission and the provincial People's Congress Standing Committee spoke highly of the broad-mindedness, noble character, and sterling integrity of the 131 veteran comrades among the central authorities who have voluntarily requested to resign from leading posts because they have foresight and take the interests of the whole into account. They unanimously maintained: The convocation of this conference will certainly exert a profound influence not only in our party's history, but also in the history of the international communist movement. In the course of studying the documents of the 4th Plenary Session of the 12th CPC Central Committee and the party's conference, leading members of organs under the provincial people's government pointed out: The suggestions to be approved by the conference concerning the drawing-up of the Seventh 5-Year Plan for national economic and social development will play a tremendous role in defining the guiding ideology, principles, and orientation for the Seventh 5-Year Plan; in continually rationalizing economic relations; in ensuring the sustained, stable, and coordinated development of the national economy; and in ensuring the smooth development of the entire economic structural reform. Comrades participating in the meeting affirmed that they will certainly study and implement the guidelines of the conference in a conscientious manner, and further unite the people throughout the province to make efforts to fulfill all tasks set forth by the conference.

On the morning of 19 September, the provincial CPPCC Committee held a meeting of its chairman and vice chairmen to study Comrade Hu Yaobang's opening speech entitled "Work Together for a Splendid Future," and to warmly support the successful convocation of the National Conference of Party Delegates. In his speech, Zhang Weicen, vice chairman of the provincial CPPCC Committee and chairman of the provincial branch of the China Democratic National Construction Association, highly praised the exemplary action of many veteran comrades in actively promoting the succession of new leading members among the central authorities. Xu Meisheng, Guo Yichen, and Kong Lingren, vice chairmen of the provincial CPPCC Committee, affirmed, in succession: We should actively guide all CPPCC members and the figures of all circles in the province to conscientiously study and propagate the guidelines of the conference, and work hard for making new contributions to the construction of the socialist material and spiritual civilizations.

GUANGXI LEADERS MEET ON SCHOOL DESTRUCTION

HK240827 Nanning Guangxi Regional Service in Mandarin 1130 GMT 21 Sep 85

[Text] At 1630 yesterday afternoon the regional People's Congress Standing Committee held an urgent meeting of its chairman and vice chairmen to specially discuss the serious case of a school destroyed by a group of people in Fenghuang Town, Laibin County. The chairman and vice chairmen attending the meeting unanimously held: The case of a school being destroyed by a group of people in Fenghuang Town, occurring only a few days after Teachers Day, is intolerable. This seriously violated the policy of the CPC Central Committee on respecting teachers and education, destroyed state property, disrupted social order, and must be sternly dealt with.

The chairman and vice chairmen also pointed out: Such problems are not isolated. Cases of beating teachers, encroaching on the property and places of schools, and sabotaging the teaching order of schools has occurred repeatedly in some parts in the region. If these actions are not promptly curbed, there will be no prospect for developing Guangxi's education and for invigorating Guangxi's economy.

In view of this, the meeting formulated a four-point decision:

1. The regional People's Congress Standing Committee must support the Liuzhou Prefectural CPC Committee, commissioner's office, the Laibin County CPC Committee, and the county government to quickly deal with this case and must support the judicial department in sternly and quickly punishing the principal offenders who assembled people to destroy the school, in accordance with the law.
2. It is suggested that people's governments and political and legal departments at all levels throughout the region should quickly investigate similar cases of destroying schools and beating teachers that already occurred in their localities and should deal with them one by one.
3. The regional Education Department must take measures to help the Liuzhou Prefectural Education Bureau and the county education bureau, enabling classes to resume quickly and establishing normal teaching.
4. After this case is dealt with, it is suggested that the regional people's government should issue a region-wide circular and should use this typical example to teach respect for teachers and education and, in the legal system, respect for cadres and the masses. This will establish a good custom.

Station Commentary

HK240829 Nanning Guangxi Regional Service in Mandarin 1130 GMT 21 Sep 85

[Station short commentary: "We Must by No Means Tolerate the Black Sheep's Actions of Destroying Schools"]

[Excerpts] On 17 September, instigated by a small number of people in the village, some 60 people in (Baihan) Village, Fenghuang Town, Laibin County, carrying axes and other tools in their hands, forced their way into the Fenghuang middle school. They pushed down the walls of the school, damaged the cement roads on the school grounds, and threatened to drive the teachers away. This resulted in the suspension of school and students leaving, and in seriously sabotaging teaching in the school. This incident occurred only a few days after Teachers Day and really disgusted people.

Schools are an important place for training qualified personnel. To make our country powerful and prosperous and to make the people rich, we need a large number of qualified personnel in all fields who have both ability and political integrity, to embark on the four modernizations. However, we must rely on the teachers in the schools to train qualified personnel.

The CPC Central Committee has called on us to respect teachers and education because the teachers shoulder an important historical duty. Nevertheless, a small number of black sheep involved in the incident of destroying the school openly violated the policy of the CPC Central Committee on respecting teachers and education and attempted to destroy one of our places. This is intolerable. Therefore, we must sternly and quickly punish the principal offenders who destroyed the school, in accordance with the law.

FIGURES REVEAL HUNAN RURAL ECONOMY THRIVING

HK200711 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 19 Sep 85

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the province's agriculture has developed continuously, following the course of reform. Historical changes have taken place in rural areas. An unprecedented situation has arisen. The province's rural economy is moving toward specialization, while large-scale commodity production and modernization have entered a new historical period of development.

According to statistics, the province's total grain output for 1984 was 57.87 billion jin, an increase of 37.9 percent over 1978. The province's summer grain output has increased by 2.57 billion jin yearly, and reached 33.69 billion jin in 1984, leading the country. The province's cotton output for 1984 was 17.37 million dan, an increase of 340 percent over 1978, ranking third among the country's 15 cotton-growing provinces. The oil crop output for 1984 was 10.5 million dan. Both the sesame-growing area and the sesame output of the province top the country.

This year the province's agricultural production has been hit by various natural disasters, such as flood, drought, storm, hailstones, plant diseases, and insect pests. However, with the great efforts made by the people of the province, we reaped the second best harvest in summer grain, and the total summer grain output was 31.9 billion jin. The province has developed economic crops, forestry, fruits, and an aquatic products industry in a fairly short time. In particular, the province has made new developments in town and township enterprises and animal husbandry this year on the basis of breakthroughs made last year.

CAPACITY OF HEILONGJIANG POWER UNITS IN 6TH PLAN

SK240741 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 23 Sep 85

[Text] During the Sixth 5-Year Plan period, our province has increased its capacity of power generating units by 1.215 million kw, half of the total capacity installed in the province in the 31 years since the founding of the PRC. The newly installed power generating units produced nearly 13 billion kWh of electricity and created an industrial output value of 32.5 billion yuan.

During the Sixth 5-Year Plan period, our province fulfilled the power capital construction task 146 days ahead of schedule. The newly constructed and initiated power plants are the Fularji No 2 power plant, the Mudanjiang No 2 power plant, the Harbin No 3 power plant, the Harbin power plant, the Shuangyashan power plant, and the Daqing ethylene power station. Since the construction of the Fularji No 2 power plant in 1980, three power generating units, each with a capacity of 200,000 kw, have been put into production. As of 8 August, the four power generating units of the Mudanjiang No 2 power plant, each with a capacity of 100,000 kw, had all been put into production. Of the province's existing 5 key power plants, each with a capacity of 300,000 kw or above, 2 were completed during the Sixth 5-Year Plan period. Of the province's existing 14 power generating units, each with a capacity of 100,000 kw or above, 7 were put into operation and production during this period.

JILIN ACHIEVEMENTS IN SIXTH 5-YEAR PLAN

SK240359 Changchun Jilin Provincial Service in Mandarin 1030 GMT 23 Sep 85

[Text] The data provided by the provincial Statistical Bureau show that the implementation of the province's Sixth 5-Year Plan has been good. With the extensive and profound development of the rural economic structural reform, the situation of agricultural production is improving. In the first 4 years of the implementation of the Sixth 5-Year Plan, the average annual growth of the total agricultural output value was 13.6 percent, exceeding the planned growth of 5 percent. The output of major agricultural products, including grain, oil-bearing seeds, the number of large animals in stock, the number of hogs slaughtered and aquatic products, as well as the afforested areas reached the planned targets 1 or 2 years ahead of schedule. On the premise of raising economic results, industrial production maintained a certain rate of development during the Sixth 5-Year Plan period. In the past 4 years, the average annual growth of the total industrial output value is expected to reach 21.5 billion yuan, exceeding the planned target by 27.2 to 32.7 percent.

The Transportation, and Post and Telecommunications Departments vigorously tapped potential and achieved initial results in ending the backward situation. In the first 4 years of implementation of the Sixth 5-Year Plan, our province's gross national income showed an average annual increase of 11.8 percent. In 1984, the institutional purchasing power reached 11.9 billion yuan, exceeding the planned 1985 target of 22.1 percent as set by the Sixth 5-Year Plan. The volume of exports in the foreign trade sector topped the target set in the Sixth 5-Year Plan by 39.3 percent.

Since the economic readjustment, the people have continued to improve their living standards. Since 1982, the consumption level of residents throughout the province has exceeded the planned target for 1985 defined in the Sixth 5-Year Plan. The net income of peasants reached the target set for 1985 in the Sixth 5-Year Plan, 2 years ahead of schedule. In 1982, the province's financial revenue began to rise after 3 successive years of decline. In 1984, the financial revenue reached 1.717 billion yuan, exceeding the target set for 1985 in the Sixth 5-Year Plan by 19.7 percent.

PREMIER REITERATES 'NO CONTACT' WITH MAINLAND

OW241121 Taipei CNA in English 1042 GMT 24 Sep 85

[Text] Taipei, Sept. 24 (CNA) -- Premier Yu Kuo-hwa reaffirmed Tuesday the ROC Government's policy of never compromising with the Chinese Communists. Yu said that the "no contact and no trade" policy, which is in the national interest, has been effective against Peiping's united front trickery. Yu made the remarks in reply to an interpellation at the Legislative Yuan.

The challenge that the country faces today, the premier said, is to expand substantive relations with free nations around the world.

Yu said that the country has made encouraging achievements in establishing diplomatic relations with South Pacific and Caribbean nations in the past few years. The government will continue promoting cooperation with other countries, particularly European nations, he added.

NEWSPAPERS COMMENT ON CPC DELEGATES CONFERENCE

OW191135 Taipei CNA in English 1030 GMT 19 Sep 85

[Text] Taipei, Sept. 19 (CNA) -- A provisional congress of the Chinese Communist Party, which is aimed at making a large personnel reshuffle, opened in Peiping Wednesday.

Although Teng Hsiao-ping's faction might control the situation for the time being, the growing opposition forces, which are dissatisfied with Teng's policies, will become more united and thus constitute a threat to Teng's faction in the long run, several newspapers in Taipei have predicted.

The CENTRAL DAILY NEWS, in its editorial Wednesday, said that endless power struggles are characteristic of a communist country. The description is especially true in mainland China where one person can be a ranking official in the morning and become a prisoner in the evening, it said.

Although Teng's faction seems to be enjoying the upper hand right now, his control of the party is not expected to last for long because the opposition forces will undoubtedly take advantage of any opportunity available to pull down Teng's faction, the paper said.

Lack of a strong popular basis for the so-called "new leaders" recommended by Teng Hsiao-ping, such as Hu Yao-pang and Chao Tzu-yang, and failure in carrying out the modernization projects will draw strong criticism from the opposition, thus undermining the stability of the entire regime, the paper said.

The CHINA TIMES, on the other hand, said that most of the so-called "elite" handpicked by Teng Hsiao-ping are those who followed Mao Tse-tung during the revolutionary period and had little education. The paper questioned how these people, who know nothing but power struggles, could be able to lead the people on the China mainland out of their predicament?

The reshuffle this time is not expected to consolidate the power of Teng's faction because none of those "rising figures" are far-sighted enough to be authentic politicians, the paper said.

The UNITED DAILY NEWS also said that the congress will not produce the effects Teng expects. The main reason for Teng to hold the congress, it said, is to reduce the influence of senior military cadres and allow the younger generation to play a more active role in the future. It is questionable that the younger leaders are capable of doing their jobs well, it said.

'ANTI-COMMUNIST GUERRILLAS' REPORTED IN WUHAN

OW191413 Taipei CNA in English 1401 GMT 19 Sep 85

[Text] Taipei, Sept. 19 (CNA) -- A group of anti-communist guerrillas appearing in the Wuhan area in China mainland were nearly all captured by the Red Army recently and most members of the group have been arrested, according to informed sources. The guerrilla force, under the name of "cities liberation army," was composed mostly of former officers and soldiers of the People's Liberation Army and relatives of Red cadres, the sources said. Chang Chin, leader of the group, was a company commander before he was discharged from the PLA three years ago.

The anti-communist guerrillas, proclaiming their goals as "liberating all the veterans on the mainland" and "toppling the communist regime," had stolen some Red Army military vehicles, and ammunition. In May this year, the Red Army surrounded the guerrilla group and arrested most of its members, the sources said.

SCHOLARS SAY U.S. INTERFERES IN TAIWAN AFFAIRS

OW241035 Taipei CNA in English 1012 GMT 24 Sep 85

[Text] Taipei, Sept. 24 (CNA) -- Five Chinese professors Monday presented a written protest to the American Institute in Taiwan, charging the U.S. State Department with "interfering in the Republic of China's internal affairs" regarding the recent arrest of publisher Li Ya-ping. The professors -- Ting Chieh-min, Liu Ping-heng, Lin Ming-teh, Fu Chieh and Tuo Tsung-hua -- presented the protest on behalf of a group of scholars who formerly resided abroad. They said that ROC Government arrested Li, publisher of the Chinese-language newspaper INTERNATIONAL DAILY NEWS in Los Angeles, in accordance with Chinese law and for the protection of national security and maintenance of social stability.

Even the United States, which champions human rights, curbs statements that endanger its security, the professors said.

The Constitution of the Republic of China, they pointed out, does not have a provision permitting its citizens abroad to subvert and commit treason against the state. The professors were referring to the fact that Li's paper has been championing Peiping's cause for years. The government, however, took no action against the publisher, a former member of the Kaohsiung City Council, until after she was found circulating her newspaper in Taiwan.

In so doing, she violated article seven of the statute for the punishment of high treason. The article says that spreading the enemy's propaganda in printed material is a crime punishable by a prison term of not less than (?seven) years. After the Taiwan Garrison Command arrested Li last week, the State Department issued a statement demanding her immediate release.

JIEFANGJUN BAO PARALLELS HU WITH MAO, DENG

HK240903 Hong Kong WEN WEI PO in Chinese 24 Sep 85 p 1

[Report by correspondent Cheng Hsiang: "JIEFANGJUN BAO Praises Hu Yaobang, Placing Hu's Writings and Those of Mao and Deng on a Par"]

[Text] On the eve of the 5th Plenary Session of the 12th CPC Central Committee, China's JIEFANGJUN BAO issued an important article today (23 September) emphasizing Hu Yaobang's political work in the Army and paralleled his instructions with those of Mao Zedong and Deng Xiaoping.

JIEFANGJUN BAO today used more than half of its second page to publish the article by Han Tiemin entitled "Comrade Hu Yaobang and the Political Work at the 18th Army Corps." (Beginning today the full text will be published in installments on page 2.)

JIEFANGJUN BAO published an editor's note to the article, which pointed out that the article "recalls in detail Comrade Hu Yaobang's contributions to, and penetrating ideas on, the Army's political and ideological work. Although the article talked about political work in wartime conditions, the principles and methods expounded can still play a significant role in guiding Army building in the new period." (Note: Hu Yaobang was then director of the Political Department of the 18th Army Corps.)

In the last section, the article emphatically pointed out: "While studying Comrade Mao Zedong's thinking on Army building and Comrade Deng Xiaoping's works, we must also study Hu Yaobang's speeches and articles and learn from his art of leading political work in the 18th Army Corps. This will be of great benefit to the strengthening of our Army's political work, to the Army's revolutionization, modernization, and regularization, and to further realization of the grand objectives and tasks in the new period."

Observers here hold that the article published in JIEFANGJUN BAO on the eve of the 5th Plenary Session of the 12th CPC Central Committee is of particular significance. Public opinion holds that this is probably the first step taken to gradually consolidate Hu Yaobang's position in the Army.

SOUTH CHINA MORNING POST Report

HK250500 Hong Kong SOUTH CHINA MORNING POST in English 25 Sep 85 p 7

[By K.C. Tsang]

[Text] As the special session of the Chinese Communist Party closed on Monday, the way seemed clear for the party General Secretary, Mr Hu Yaobang, to assume a bigger role in the military in the near future. Mr Hu's likely admission to the Central Military Commission would be the first time since 1949 that a top leader without a strong military background would head the Chinese military's highest body.

While a major stage of the changeover to a younger party political leadership has now been completed, similar changes are likely to occur in the party's Central Military Commission soon. Recent resignations from the Politburo severely depleted the various departments of the commission, leaving only top leader Mr Deng Xiaoping, Mr Yang Shangkun, General Yang Dezhi and General Yu Qiuli as members who also hold Central Committee membership.

Mr Deng is the chairman, Mr Yang the commission secretary and permanent vice-chairman, and Gen Yang heads the Army General Staff Department and is one of the four deputy secretaries. General Yu is another of the four deputy secretaries.

Those who have resigned their seats on the Central Committee -- the highest representative body of the party -- may find it hard to hold on to commission seats, as the commission is an important arm of the Central Committee.

Important commission post-holders who have just resigned from the Central Committee are commission vice-chairmen Marshal Nie Rongzhen, Marshal Ye Jianying and Marshal Xu Xiangqian and two deputy secretaries, Gen Hong Xuezhai and the Defence Minister, Mr Zhang Aiping. Only four commission office-holders remain on the Central Committee holding concurrent posts in the Politburo.

The first official hint that Mr Hu will snatch a military commission post came on Monday in an article published in the military's LIBERATION ARMY DAILY. It extols Mr Hu's "outstanding contributions" in the 18th Army Corps during the civil war with the Kuomintang in the late 1940's.

A Hong Kong WEN WEI PO correspondent in Beijing quoted observers there as predicting that the publication of the article on the eve of the fifth Plenary Session of the Central Committee was "the first step in establishing Mr Hu's position in the military."

Indications are that the elections of new Politburo members and new members of the party Central Secretariat will be followed by elections of replacements to the Central Military Commissions. Mr Hu will most certainly be one of the new leaders.

Some younger military leaders elected to the Central Committee recently are likely to join the commission.

Ultimate power over the military is expected to be placed in the hands of Politburo members.

The General Secretary holds the highest position in the party leadership, although based on the current politics in China, senior leaders such as Mr Deng Xiaoping, may wield more influence.

Mr Hu is likely to assume an increasingly important role.

SINGAPORE REPORTERS INTERVIEW ZHAO ZIYANG

HK250153 Hong Kong MING PAO in Chinese 20 Sep 85 p 4

[Report by Reporter Mai Chung-cheng: "Zhao Ziyang on Domestic and Foreign Affairs"]

[Text] Lee Kuan Yew, prime minister of Singapore, making a friendly visit to Beijing, met with Chinese Premier Zhao Ziyang yesterday. Reporters from two Singaporean newspapers, THE STRAITS TIMES and SIN MIN DAILY NEWS, who are following Prime Minister Lee's visit to China, asked Zhao Ziyang some questions submitted in advance to which Zhao Ziyang wrote answers. The text of the interview is today published in THE STRAITS TIMES and SIN MIN DAILY NEWS.

Question: According to newspaper reports, in appointing people to draft the basic law for Hong Kong, some people who safeguard the freedom and interests of Hong Kong were not included, resulting in some dissatisfaction. What is your opinion about this?

Answer: The 11th Session of the 6th National People's Congress Standing Committee approved on 18 June of this year the namelist of the Basic Law Drafting Committee of the Hong Kong Special Administrative Region of the PRC. Of the 59 committee members, 23 are from Hong Kong. As regards the selection of Hong Kong members, consideration was given to the interests of every social stratum in every sector in Hong Kong.

Because of its extensive representation, it can very well reflect the opinions, demands, and wishes of the people from all walks of life in Hong Kong. As far as we know, the people of the various circles in Hong Kong are, in general, satisfied with this namelist. Of course, it would not be unusual if there are different opinions; we are also willing to listen to the most different opinions.

Question: China is now training leaders in the second and third echelons at the central and provincial levels. Would you please analyze the achievements of this endeavor?

Answer: Making cadres younger in average age is one of our important strategic policies. Over the past few years, a number of comrades in the prime of life have already taken up leading posts at all levels from the central authorities to the local governments. The majority of them have demonstrated their moral character and abilities through their work style and accomplishments, and have been generally recognized by the people. Allowing younger comrades to gradually undertake important tasks as leaders at different levels is an important guarantee that our country's current principles and policies will be steadily carried out and implemented.

Question: In the process of further carrying out reform, what difficulties has China confronted? And how will they be solved?

Answer: The economic structural reform in our country is under the prerequisite of upholding socialism to invigorate the domestic economy, open up to the outside world, and make the national economy develop in a sustained, steady, and coordinated way. The fundamental aim of the reform is to develop social productive forces and constantly raise the level of the people's material and cultural life. The reform is an extremely arduous and complicated task, and also a great experiment. It is necessary to boldly, prudently and timely sum up the experiences and unceasingly solve the new problems arising from the reform. Practice over the past 5 years has proved that the reform approach is correct and that the reform conforms to the interests of the state and the people and has won the support of the people across the country.

The main problem to be solved at present is that, while reducing the direct control of the state over enterprises, it is necessary to appropriately strengthen and perfect macroscopically the system of indirect control, including economic means, economic legislation, economic supervision, and so on. In this regard, we have already adopted and will continue to adopt a series of appropriate policies and measures. Generally speaking, the reform has been fairly smoothly carried out, with much better results than anticipated, and we are optimistic about its prospects.

Question: Are there any new developments in Sino-Soviet relations? Does China still insist on the three principles for improving its relations with the Soviet Union?

Answer: In recent years, the relations between the two countries has improved and developed in the fields of economy, trade, science and technology, culture, and personnel exchanges. Not long ago, the two sides signed a long-term economic and trade agreement. In the future the relations between the two countries in these fields will further develop. On many occasions, the Soviet leaders have expressed their willingness to improve their relations with China; and our side has also expressed the same wishes. However, only by overcoming the three main obstacles which exist in reality can Sino-Soviet relations be truly normalized.

Question: How do you like the relationship between Singapore and China and the relationship between China and the Southeast Asian countries? And what are their prospects?

Answer: In recent years, the exchange of visits between the leaders of the two countries and the frequent contacts between the delegations of the two countries have enhanced mutual understanding and friendship. The two countries are practicing effective cooperation in the fields of economy, trade, and science and technology. I believe that the official friendly visit by Prime Minister Lee Kuan Yew to our country will surely further promote the development of friendly and cooperative relations between the two countries. China shares many common grounds with the ASEAN countries in international affairs, and bilateral friendly and cooperative relations are constantly developing.

Question: What role does China expect Dr Goh Keng Swee, the former Singaporean first deputy prime minister, to play under the new economic policy? Would you please explain the significance of China's hiring Dr Goh?

Answer: In order to better carry out the modernization construction, we need to draw lessons from the experiences of all countries which are useful to our country and listen and adopt good propositions and suggestions offered by foreign experts and scholars on China's economic development. We have already hired some foreigners to participate in our country's construction in many ways. In May of this year, the government of our country officially appointed Dr Goh Keng Swee as an economic adviser to the coastal open cities. Dr Goh has already inspected Shanghai, Guangzhou, Shenzhen, Zhuhai, and Hainan Island. In the future, he will continue to make these inspections and offer us suggestions. I think that his profound knowledge and practical experience will play a beneficial role in China's economic construction.

XINHUA OFFICIALS ELECTED TO CPC CENTRAL COMMITTEE

HK240817 Hong Kong TA KUNG PAO in Chinese 24 Sep 85 p 4

[Report: "Election of Zheng Hua and Qiao Zonghuai as Alternate Members of the CPC Central Committee Attracts Attention of People of Various Circles in Hong Kong"]

[Text] The election of Zheng Hua, deputy director, and Qiao Zonghuai, deputy secretary general of the XINHUA Hong Kong branch, as alternate members of the CPC Central Committee at the National Conference of Party Delegates is attracting the attention of people of various circles in Hong Kong. They hold that this shows the central authorities attach great importance to Hong Kong, because both Zheng and Qiao are in the prime of life.

Zheng Hua, 55, is from Zhongshan County, Guangdong Province. He once worked on Hainan Island for many years, successively holding the posts of director, deputy secretary-general, and secretary-general of the Research Office of the Hainan Administrative Region. Then he was transferred to the posts of deputy director of the Rural Affairs Department of the Guangdong Provincial CPC Committee and deputy director of the provincial Agricultural Committee. In 1982, he was transferred to Macao and took the post of deputy general manager of the Nanguang Company there. In June last year, he was transferred to Hong Kong and appointed deputy director of the XINHUA Hong Kong branch.

Qiao Zonghuai, the son of former Foreign Minister Qiao Guanhua, is from Yancheng County, Jiangsu Province, and is 41 this year. He spent his childhood with his father in Hong Kong, and later went back to study on the mainland. After graduating from Beijing's Qinghua University, he continued his postgraduate study in the Chinese Academy of Sciences and received a Master of Engineering degree. In 1982, in the capacity of a scholar of that academy, he visited Hong Kong's Chinese University. In 1983, he was transferred to the office of the State Council and worked there until July last year, when he was transferred to Hong Kong and took the post of deputy secretary general of the XINHUA Hong Kong branch. This year, he was also appointed as member of the Sino-British Joint Liaison Group on the Chinese side.

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